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June 28, 2022
Report 2021-107
FACT SHEET

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Department of Developmental Services

It Has Not Ensured That Regional Centers Have the Necessary Resources to Effectively Serve Californians With Intellectual and Developmental Disabilities

Background

California's Department of Developmental Services (DDS) is responsible for the delivery of care and treatment to the State's more than 380,000 individuals with intellectual and developmental disabilities, whom state law refers to as *consumers*. To fulfill this duty, DDS oversees a statewide network of 21 regional centers that coordinate services for consumers and for which the fiscal year 2021–22 state budget allocated $6.5 billion. As part of its oversight obligation, DDS must monitor regional centers' compliance with their contractual and legal responsibilities by ensuring that the centers accurately bill the State for their claims, properly calculate certain staff caseloads, comply with federal program provisions, and conduct staff trainings, among other things. In turn, regional centers must perform duties such as monitoring the quality and delivery from external service providers (vendors) and tracking the progress and access for the individuals with disabilities that they serve.

Key Findings

- As a result of DDS's inaction, regional centers have struggled with insufficient staffing.
  - » DDS has not ensured that the regional centers receive adequate funding for critical staff positions.
- Regional centers have not monitored vendors in accordance with state law.
  - » Proper monitoring of vendors is critical to ensuring the quality of the services that they provide and the well-being of the consumers who are in their care.
- DDS and regional centers have not monitored whether consumers have convenient access to services.
  - » Even though best practices call for tracking customer service metrics, DDS had not considered capturing data that would allow regional centers to assess consumers' convenience of access.
- DDS has not provided adequate oversight of how regional centers respond to consumer complaints regarding their rights.
  - » All three of the regional centers we reviewed often failed to complete investigations within the required 20-workday time frame.

Key Recommendations

To better serve consumers, DDS should do the following:

- Work with regional centers as necessary to update the core staffing formula so that it aligns with actual regional center staffing costs.
- Provide vendor monitoring training so that regional centers understand the statutory requirements for vendor monitoring.
- Establish standards for measuring how convenient it is for consumers to access services.
- Ensure that regional centers provide statutorily required information to consumers about how to file a consumer rights complaint.
- Issue guidance to regional centers and develop best practices to ensure that regional centers complete complaint investigations within statutory deadlines.

Department of Developmental Services

It Has Not Ensured That Regional Centers Have the Necessary Resources to Effectively Serve Californians With Intellectual and Developmental Disabilities

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Michael S. Tilden *Acting State Auditor*

June 28, 2022
2021-107

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

Through a statewide network of 21 regional centers, California's Department of Developmental Services (DDS) oversees the coordination and delivery of services for more than 380,000 individuals with developmental and intellectual disabilities, whom state law refers to as *consumers*. Our audit of three of these regional centers, which collectively serve more than 65,000 consumers, found that they have neither sufficient staff nor funding. As a result, service coordinators at the regional centers are responsible for assisting more consumers than the maximum set in state law, which limits the total amount of time that service coordinators can spend to assist their consumers. One of the causes we found for the insufficient staffing is that state funding for salaries has generally remained frozen since 1991, so regional centers hire fewer staff members at higher-than-funded salaries.

Furthermore, DDS has not ensured that regional centers properly monitor vendors. As a result, DDS and regional centers cannot be assured of the quality of services that the regional centers' vendors deliver to consumers. DDS has also not provided regional centers with the data systems or processes necessary to track and measure whether consumers have convenient access to services. Finally, DDS has not ensured that regional centers promptly resolve consumers' complaints regarding their rights.

Although DDS has been aware of many of these issues, it has not always taken timely and adequate actions to address them. As a result, it cannot be certain that regional centers are effectively serving Californians with intellectual and developmental disabilities.

Respectfully submitted,

MICHAEL S. TILDEN, CPA
Acting California State Auditor

Selected Abbreviations Used in This Report

ARCA	Association of Regional Center Agencies
CERMS	Consumer Electronic Records Management System
CPI	Consumer Price Index
DDS	Department of Developmental Services
IPP	individual program plan
SANDIS	San Diego Information System

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Summary

Results in Brief

The Department of Developmental Services (DDS) is responsible for overseeing a network of 21 regional centers throughout the State that coordinate services and supports for Californians with intellectual and developmental disabilities, whom state law refers to as *consumers*. The regional centers assess the consumers' needs, then coordinate the services they require to live independent, productive, and satisfying lives. To procure these services, the regional centers contract with service providers (vendors). DDS is responsible for monitoring regional centers' compliance with all applicable requirements in state law to ensure that consumers receive quality care and can achieve their desired goals.

Despite the importance of the work performed by the regional centers, DDS has not ensured that the regional centers receive adequate funding for critical staff positions. Specifically, service coordinators who work at the regional centers are responsible for working with consumers and their families to coordinate services and address concerns. Because a high caseload can negatively affect a service coordinator's ability to assist consumers, state law requires that regional centers maintain certain service coordinator-to-consumer ratios. However, none of the 21 regional centers are currently meeting all of these required caseload ratios. In fact, many of the regional centers have been out of compliance with the required caseload ratios for years. This lack of adequate staffing may have contributed to a significant percentage of consumers claiming in a recent DDS survey that they were not consistently able to contact their service coordinators in a timely manner.

The three regional centers we reviewed—Alta California Regional Center (Alta California), North Bay Regional Center (North Bay), and North Los Angeles County Regional Center (North L.A.)—explained that inadequate funding for salaries is the primary reason they are unable to meet the caseload ratios. DDS uses a core staffing formula to determine the budget for all regional center positions. However, in response to budget cuts, the State froze the salaries for service coordinators in fiscal year 1991–92 and since that time, DDS has largely not adjusted the salaries. If service coordinator salaries had kept pace with the Consumer Price Index, we estimate they would have been more than twice their currently funded level of $34,000. Although DDS is aware of this problem, it did not take steps to address it until recently, and the steps it has taken to date do not represent long-term solutions.

Further, DDS has not ensured that regional centers monitor vendors as state law requires. Proper monitoring of vendors is critical to ensuring the quality of the services that they provide and the well-being of the consumers who are in their care. However, one of the regional centers we reviewed—Alta California—could not demonstrate that

Audit Highlights . . .

Our audit of DDS and three regional centers highlighted the following:

- » *For years, most of the State's 21 regional centers have exceeded their service coordinators' maximum caseload ratios.*
  - *DDS has not adequately addressed funding issues that make it difficult for regional centers to meet caseload ratios.*
- » *DDS has not ensured that regional centers monitor vendors, and neither DDS nor the regional centers monitor whether consumers experience difficulties in accessing services.*
- » *DDS has not provided adequate oversight of regional centers' processes for resolving consumer rights violations.*
  - *Two of the three regional centers we reviewed did not consistently inform consumers about the process for filing complaints, and all three frequently took too long to investigate complaints.*
- » *DDS should ensure that regional centers make timely decisions on applicants' eligibility for services.*

it consistently conducted required on-site visits of vendors that offer residential services. These reviews—referred to as *quality assurance visits* (quality reviews)—focus on the quality of care consumers receive and their safety, among other things. In addition, none of the three regional centers have consistently performed required biennial reviews of all vendor files to ensure that the vendors continue to meet all the necessary qualifications for providing services. We find the lapses in biennial vendor file monitoring especially concerning because we identified a similar problem in a 2016 audit and recommended then that DDS require the regional centers to address the issue. However, DDS has yet to take adequate action to ensure that regional centers perform these reviews.

Moreover, DDS and regional centers do not monitor whether consumers have convenient access to services. Generally recognized best practices provide that state agencies should develop processes to track and monitor customer service metrics, such as wait times for appointments, timeliness of referrals, and the distance that individuals must travel to access services, especially in rural areas. However, neither DDS nor the regional centers collect the information needed to monitor these metrics. Although DDS is developing a new data system for tracking consumer information statewide, it has not considered capturing data that would allow regional centers to assess convenience of access. Further, DDS stated that it does not expect to implement the new system until July 2025. As it develops its new system, DDS should ensure that the system can track key convenience metrics. Until it does so, it will not be able to ensure that consumers can quickly and easily receive the services they need.

Finally, DDS has also not ensured that regional centers promptly resolve consumers' complaints regarding their rights and adequately inform them about the complaint process. All three regional centers we reviewed often failed to complete investigations within the required 20-workday time frame. In fact, one regional center we reviewed—North L.A.—averaged around 50 working days to complete the complaint investigations we reviewed. Although DDS is aware that many regional centers are not consistently completing their investigations in a timely manner, it has not taken steps to systematically address this shortcoming. In addition, DDS's monitoring is insufficient to ensure that regional centers are notifying consumers of their right to file a complaint. Our review found that North Bay and North L.A. did not always provide complaint information to consumers as state law requires.

Agency Comments

DDS generally agreed with our recommendations and indicated that it will take action to implement them. However, it disagreed with our recommendation that it annually review and update as necessary the core staffing formula to ensure adequacy of regional center staff's salaries.

Recommendations

The following are the recommendations we made as a result of our audit. Descriptions of the findings and conclusions that led to these recommendations can be found in the Audit Results and Other Areas We Reviewed sections of this report.

To ensure that regional centers can better meet the required caseload ratios for all consumer groups, DDS should work with the regional centers, the Association of Regional Center Agencies (ARCA), and other state entities as necessary to update the core staffing formula to align with actual regional center staffing costs by June 2023. Further, DDS should review and update as necessary the core staffing formula annually to ensure the continued adequacy of regional centers' salaries.

To ensure that regional centers conduct vendor monitoring as state law requires, DDS should do the following:

- By October 2022, provide an initial training to all regional centers about the statutory requirements for vendor monitoring. This training should include the information the regional centers must assess as part of their quality and qualification reviews for each type of vendor, as well as best practices for ensuring that they complete all required reviews.

- By October 2022, develop a policy to provide ongoing vendor monitoring training to all regional centers.

- By January 2023, identify best practices among regional centers for tracking their quality reviews to ensure that they are completed as frequently as state law requires. DDS should then develop guidelines for all regional centers to follow to ensure that they complete all required quality reviews.

- By January 2023, evaluate its processes for monitoring regional centers' performance of quality and biennial reviews to ensure that its processes are sufficient for identifying regional centers' noncompliance.

To ensure that consumers have convenient access to services, DDS should establish standards for measuring consumers' access to services by January 2023. Further, it should continue to develop its new system for consumer records and ensure that the new system has the capability to allow regional centers to enter specific data elements that will enable them to assess the convenience of consumers' access to services using the established standards.

To ensure that regional centers provide statutorily required information to consumers about how to file a consumer rights complaint, DDS should do the following by January 2023:

- Require all regional centers to include in their individual program plan document a written acknowledgement that staff discussed the complaint process with the consumer.
- To determine whether regional centers are complying with state law, review all the written information that regional centers provide to consumers and the regional centers' procedures for providing this complaint process information to consumers.

To ensure that regional centers complete complaint investigations by the statutory deadline, DDS should do the following:

- Issue guidance to the regional centers by September 2022 clarifying that state law does not allow extensions in complaint investigations.
- By January 2023, develop and issue best practices for the regional centers to follow when conducting a complaint investigation.

To ensure that its staff continue to complete appeal investigations by the statutory deadline, DDS should update its existing appeal investigations policies to reflect its new process by September 2022.

To ensure that the regional centers are completing timely eligibility determinations, DDS should do the following by September 2022:

- Issue guidance to the regional centers on when to begin measuring the start of the 120-day time frame.
- Revise its monitoring process so that it accurately measures the length of time an applicant must wait for a regional center to complete an eligibility determination.

Introduction

Background

Since the enactment of the Lanterman Developmental Disabilities Services Act (Lanterman Act) in 1977, the State has accepted responsibility for providing services and supports to residents with intellectual and developmental disabilities. Under state law, the Department of Developmental Services (DDS) is responsible for overseeing the coordination and delivery of care, custody, and treatment of individuals with intellectual and developmental disabilities. More than 380,000 Californians receive services and supports through the Lanterman Act. DDS contracts with 21 regional centers throughout California to coordinate service provision to these individuals. These regional centers are private, nonprofit corporations that receive funding and oversight from DDS. In fiscal year 2021–22, the state budget allocated $6.5 billion to support regional centers statewide.

DDS's Responsibilities

The regional centers operate under five-year contracts with DDS, subject to annual appropriations by the Legislature. State law requires DDS to monitor regional centers' compliance with their contractual and legal responsibilities. For example, DDS must ensure that the regional centers accurately bill the State for their claims and that they properly calculate certain staff caseloads. DDS conducts this monitoring through annual assessments of regional centers' performance data and periodic audits of their compliance with provisions of their contracts. In addition, federal law requires DDS to ensure that the regional centers comply with certain federal program provisions, which DDS does by conducting on-site program reviews and other audits.

State law also requires DDS to provide periodic training to regional centers on specific topics and additional training as needed. DDS provides this training and additional guidance through in-person and online training, as well as through information posted on its website. It also periodically issues directives to regional centers with guidance or instructions related to various aspects of their operations.

Regional Centers' Funding and Administrative Responsibilities

Regional centers contract with service providers (vendors) to provide a variety of services to Californians with intellectual and developmental disabilities, whom state law refers to as *consumers*. The text box lists examples of some of these services. The regional

Examples of Services and Supports That Regional Centers Procure for Consumers

- **Speech Therapy:** Helps consumers improve communication and social function.
- **Behavior Management:** Addresses consumers' behavioral challenges.
- **Respite Care:** Provides a break for families or caregivers from the care needs of consumers.
- **Transportation:** Helps consumers access their community when they are unable to do so on their own.
- **Adult Day Centers:** Provides programs for adult consumers to learn new skills, socialize, and receive care.

Source: DDS.

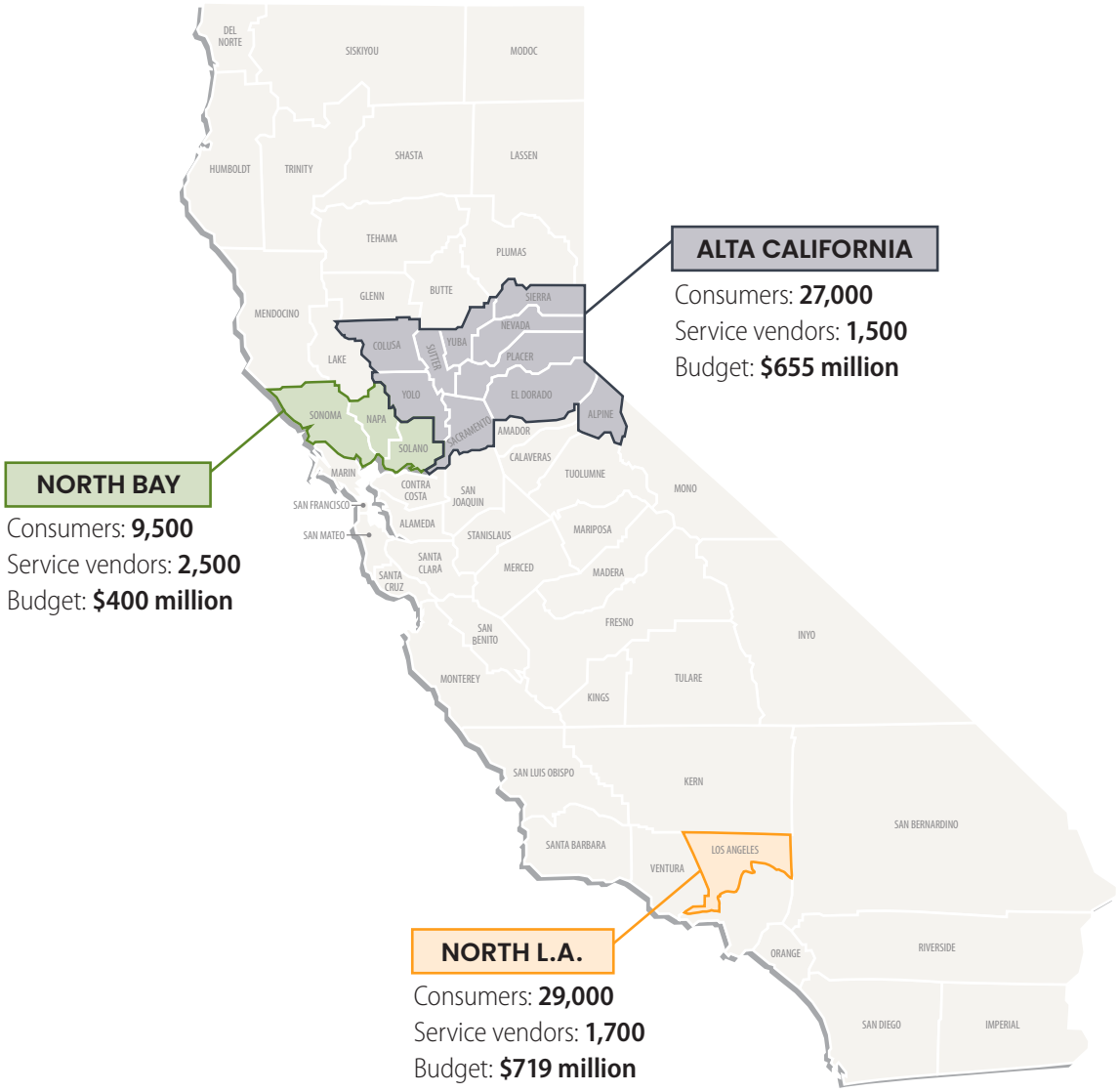
centers also help consumers to obtain services for which the regional centers are not paying. For example, regional centers may help consumers receive services from local public entities, such as school districts and transportation agencies, and from other state and federal programs. The regional centers' goal is to coordinate services that will meet consumers' unique needs so that the consumers may live independent, productive lives.

Under the Lanterman Act, regional centers are considered the "payer of last resort" for the services their vendors provide. Consumers must first exhaust all other resources available to them, including funds from state and federal programs and private insurance. Depending on the type of service, the regional centers pay vendors for services using rates that are set by DDS, established by other state agencies, negotiated between the regional center and the vendor, or that the vendor charges to the general public.

Figure 1 shows the three regional centers we reviewed as part of our audit and identifies their number of consumers, number of vendors, and budget. DDS's methodology for budgeting funds to regional centers for their personnel and related operational costs is called the *core staffing formula*. According to this formula, the number of consumers that each regional center serves dictates its budget for certain positions, while the budget for other positions, including that of executive director, are calculated per center. State law limits a regional center's administrative costs to no more than 15 percent of its operational budget; it must spend the remainder on direct services to its consumers, including service coordination and monitoring of consumer services.

Each regional center must maintain a board that governs its policies. Members of regional center boards are unpaid volunteers. Although regional centers have discretion in determining the size of their boards, state law requires the membership to include individuals with developmental disabilities and family members of such individuals. A regional center's board is generally responsible for overseeing its performance, budget, and policies; and it must also solicit and respond to input from the community the regional center serves. Finally, state law requires a regional center's board to approve all contracts with a value of $250,000 or more.

Figure 1
Locations and Key Information for the Three Regional Centers We Selected for Review



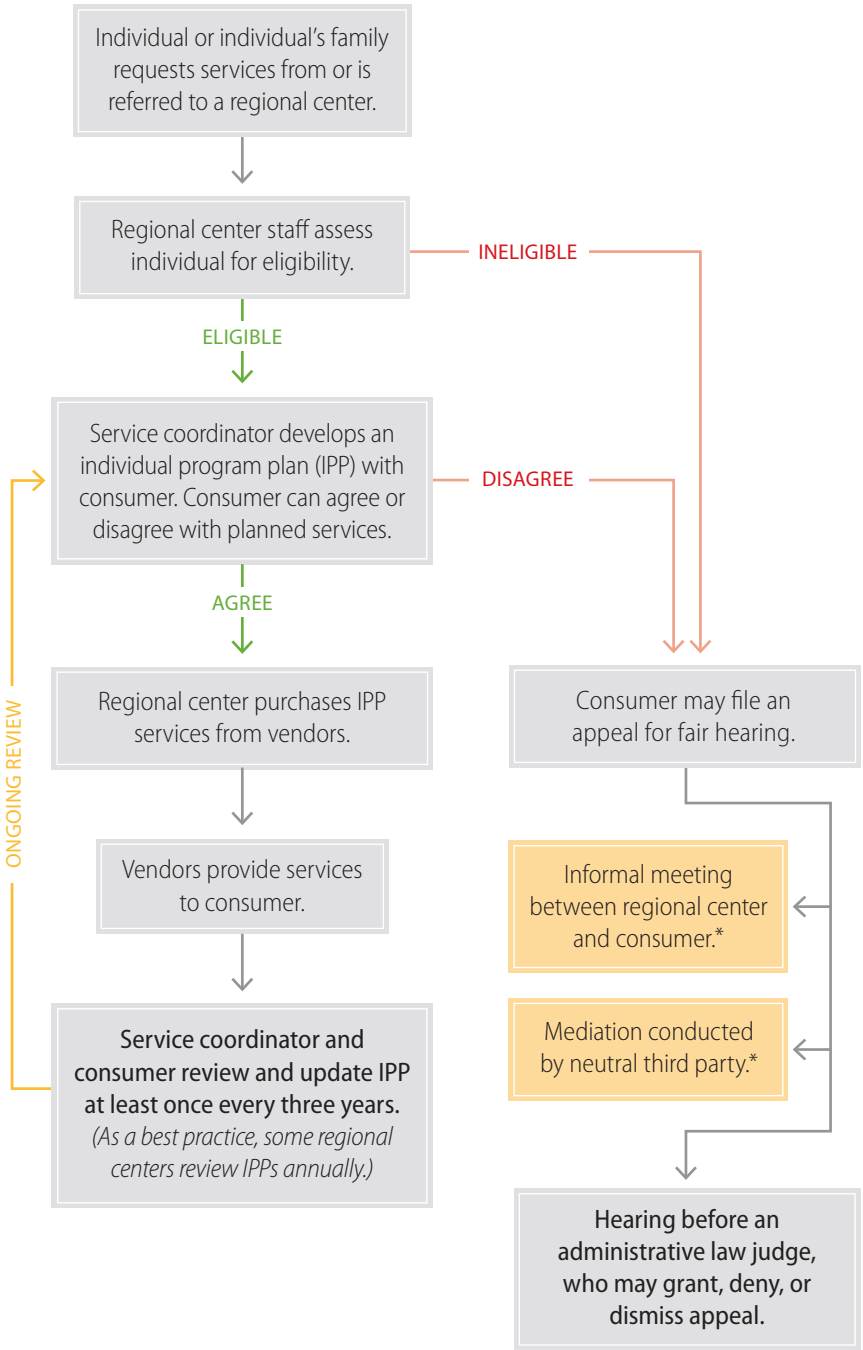
Source: DDS caseload data, regional center vendor lists, and regional center contracts.
Note: Budgets presented are for fiscal year 2021–22.

Eligibility and Individual Program Plans

When an individual applies or is referred to a regional center, that center must first determine whether the individual is eligible for services, as Figure 2 shows. For an individual to be eligible, the regional center must determine that he or she has a developmental

disability, as defined in state law. To make the eligibility determination, the regional center may collect and review historical diagnosis data. It may also conduct additional tests and evaluations.

Figure 2
Regional Center Intake and Service Provision Process


Individual or individual's family requests services from or is referred to a regional center.
Regional center staff assess individual for eligibility.
INELIGIBLE
ELIGIBLE
Service coordinator develops an individual program plan (IPP) with consumer. Consumer can agree or disagree with planned services.
DISAGREE
AGREE
Regional center purchases IPP services from vendors.
Consumer may file an appeal for fair hearing.
Vendors provide services to consumer.
Informal meeting between regional center and consumer.*
Mediation conducted by neutral third party.*
Service coordinator and consumer review and update IPP at least once every three years. (As a best practice, some regional centers review IPPs annually.)
ONGOING REVIEW
Hearing before an administrative law judge, who may grant, deny, or dismiss appeal.

Source: State law and regional center procedures.

* These steps are optional for the consumer.

If the applicant is eligible, the applicant becomes a consumer and the regional center assigns him or her a service coordinator to provide ongoing case management services. The service coordinator, the consumer, and, when appropriate, the consumer's parents or legal guardian jointly prepare an IPP for the consumer. An IPP includes goals for the consumer, objectives for implementing those goals and addressing the consumer's needs, and a list of the type and amount of services and supports the consumer will receive.

The service coordinator works with the consumer and the family ongoingly to implement and monitor the plan, as well as to secure and coordinate services and supports for the consumer. For example, state law requires that at least every three years, regional centers must assess consumers' progress toward meeting the goals in their IPPs and evaluate whether services and supports in the IPP are still sufficient and appropriate. However, consumers or their family members may request to review and update their IPP at any time.

If a regional center and a consumer disagree about the nature, scope, or amount of services that the regional center will provide, the consumer may file an appeal through the fair hearing process. Issues that consumers may appeal through this process include disagreements about eligibility for services or about the level or type of service the regional center has determined is necessary. An administrative law judge may decide these disagreements at a hearing. However, as Figure 2 shows, the consumer and regional center may also try to resolve their differences through informal meetings and mediations before such hearing takes place.

State law specifies the maximum number of consumers that an individual service coordinator can assist, known as a *caseload ratio*. As Table 1 shows, caseload ratios vary for different types of consumer groups. These caseload ratios are intended to ensure that each service coordinator is able to provide sufficient support for assigned consumers in a timely manner. To ensure that regional centers maintain required caseload ratios, they must annually provide data on their service coordinator caseloads to DDS. Further, if a regional center fails to meet required caseload ratios for two consecutive years, it must develop and submit to DDS a corrective action plan that outlines how it plans to address the issue.

Securing, Approving, and Monitoring Vendors

State law requires each vendor to apply to a regional center and meet specific qualifications in order to become eligible to provide services to consumers in that service area. The regional center must determine whether the vendor has obtained necessary licenses and certificates, has created a specific plan for providing

services, and meets other service requirements. After a regional center has received all necessary information from a potential vendor, it determines whether to approve the vendor. Once the vendor receives final approval, it may begin providing services to consumers.

Table 1
Required Caseload Ratios by Consumer Group

GROUP	DEFINITION	REQUIRED CASELOAD RATIO (SERVICE COORDINATOR TO CONSUMERS)
Waiver	Consumers enrolled in the Home and Community-Based Services Medicaid Waiver program.	1:62
Under Age 3	Consumers under the age of 3 years.	1:62
Moved Out Over 24 Months Ago	Consumers who moved out of a developmental center over 24 months ago.	1:62
Moved Out From 12 to 24 Months Ago	Consumers who moved out of a developmental center from 12 to 24 months ago.	1:45
Moved Out Within Last 12 Months	Consumers who moved out of a developmental center within the last 12 months.	1:45
Over Age 3, Nonwaiver, Nonmover	Consumers who have not moved out of a developmental center since April 1993 and are not enrolled in the Medicaid Waiver program.	1:66
Complex Needs	Consumers with complex needs who receive certain intensive services.	1:25

Source: State law and interviews with DDS.

During the IPP development process, a service coordinator may identify that a consumer has needs that a regional center's existing vendors are unable to meet. State law requires regional centers to investigate every appropriate and economically feasible alternative for care within their service area to meet their consumers' needs. However, if a regional center cannot find suitable services within its service area, it may obtain services outside the region, including by using a vendor approved to provide services by another regional center.

State law requires regional centers to biennially monitor all vendor files after approving vendor applications to ensure that they continue to meet qualification requirements. During these reviews, the regional center must determine, among other things, whether the vendor's contact information, license, and credentials are current and accurate; whether at least one consumer has received services from the vendor within the last 24 months; and whether

the vendor meets other requirements for service. If the regional center finds that the vendor does not meet these conditions, it must notify the vendor. If the vendor fails to correct the violation and provide documentation within 30 days, the regional center must terminate the contract.

State regulations specify additional monitoring requirements for certain types of vendors. For example, regional centers must provide increased monitoring of residential facilities, including group homes for children with special health care needs.

Finally, state law requires regional centers to annually submit proposals to DDS for funding for new or expanded services. DDS refers to these proposals as *community resource development plans*. Regional centers must develop these plans using input from stakeholders, including consumers and their family members, to identify local needs and priorities. The plans identify specific projects that would create new resources within a regional center's service area. DDS reviews community resource development plans and allocates funds to regional centers to develop the services it approves.

Consumer Complaints

State law declares that people with developmental disabilities have the same legal rights and responsibilities guaranteed to all other individuals. In addition, the Legislature has mandated that individuals with developmental disabilities shall have certain additional rights, as the text box shows. If consumers believe that a regional center or a vendor has abused, punitively withheld, or unreasonably denied any rights to which they are entitled, state law allows them to file a complaint with their regional center. For example, consumers may complain about a regional center's denying them certain services without providing required notification or a vendor's failing to provide them with services that a regional center authorized.

Examples of the Rights of Individuals With Developmental Disabilities

- The ability to make choices in their own lives.
- Dignity, privacy, and humane care.
- Treatment and residence in the least restrictive environment.
- Prompt medical care and treatment.
- Social interaction and participation in community activities.

Source: State law.

Regional centers must investigate complaints within 20 working days of their receipt to determine if a consumer's rights were indeed violated and propose a resolution. If consumers are unsatisfied with the outcome of a regional center's investigation, they may appeal the outcome to DDS, which must then investigate the complaint and issue a decision within 45 calendar days. If DDS investigates an appeal, its decision is final and there is no further recourse.

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Audit Results

As a Result of DDS's Inaction, Regional Centers Have Struggled for Years to Maintain Adequate Staffing

DDS has failed to address regional centers' struggles to employ the legally required number of service coordinators they need to assist their consumers. As we describe in the Introduction, service coordinators' maximum caseloads vary depending on the group of consumers they serve. However, for more than a decade, many regional centers have had to assign more consumers than legally allowed to each service coordinator. In fact, as of February 2022, all of the regional centers in the State were failing to meet required caseload ratios for at least one consumer group. According to the three regional centers we reviewed, DDS's formula for budgeting the salaries of service coordinators is outdated and does not provide the funding necessary to hire the required service coordinators. Although DDS recently sought and is in the process of securing some additional state funding to address this issue, it has yet to update its formula for budgeting salaries or to perform the analysis necessary to determine the ongoing cost of hiring the number of service coordinators that state law requires.

Most of the State's 21 Regional Centers Have Exceeded Their Service Coordinators' Required Caseload Ratios for Years

Caseload ratios exist to ensure that service coordinators are able to provide each consumer with the needed services and supports. Nonetheless, none of California's 21 regional centers are currently meeting all of the statutorily required caseload ratios. Three consumer groups—those under age 3, waiver consumers, and nonwaiver and nonmover consumers over age 3—account for nearly all consumers the regional centers serve.[1] As Figure 3 shows, none of the regional centers complied with the required caseload ratios for all three of these consumer groups. Some regional centers complied with the required caseload ratio for consumers under age 3. However, nearly all regional centers are exceeding the required caseload ratios for the other two consumer groups, sometimes by a significant amount. For example, Alta California assigned an average of 86 waiver consumers to each of its service coordinators. This number is nearly 40 percent more than the required ratio of 62 consumers for every service coordinator.

None of California's 21 regional centers are currently meeting all of the statutorily required caseload ratios.

[1] Please see page 10 for a description of each consumer group.

Figure 3
Each of the State's 21 Regional Centers Are Exceeding the Required Caseload Ratios for At Least One of the Three Largest Consumer Groups

Source: DDS's regional center caseload ratio survey results.

* Consumers on waiver are enrolled in the Home and Community-Based Services waiver program.

Exceeding the required caseload ratios decreases the amount of time and attention service coordinators can provide to consumers and likely reduces the quality of services those consumers receive. As the Introduction explains, service coordinators are responsible for preparing, implementing, and monitoring each consumer's IPP, which includes assisting consumers and their family members in identifying needs and accessing services. Service coordinators also serve a critical advocacy function by helping consumers and their families achieve and maintain eligibility for entitlement programs such as Medi-Cal and Supplemental Security Income—a federal program that provides monthly payments to people with disabilities who have low incomes and limited resources—and they also assist families dealing with immigration matters. If a regional center assigns too many consumers to a service coordinator, that service coordinator has less time to spend assisting each individual consumer.

Our review found that Alta California, North Bay, and North L.A.—the three regional centers we reviewed—all generally met the minimum requirements for service coordination that we reviewed. However, their ability to do so is not surprising given the limited nature of those requirements, which the text box lists. As Figure 4 shows, the three regional centers' policies say they will update consumer IPPs at different intervals, all of which meet the minimum requirements. For a selection of 10 consumers at each of the three regional centers, we reviewed the consumers' two most recent IPPs and other consumer records from the relevant time period to determine the quality of various aspects of their care. All three regional centers met with the consumers in our selection and updated their IPPs at least every three years. Moreover, the three regional centers also annually reviewed the IPPs of the 18 waiver consumers we selected, as federal law requires. The regional centers were able to use existing vendors to meet the needs of the consumers we reviewed. As a result, we were not able to observe the actions they would take to identify new vendors.

State and federal laws require regional centers to meet minimum requirements for service coordination. Specifically, service coordinators must do the following:

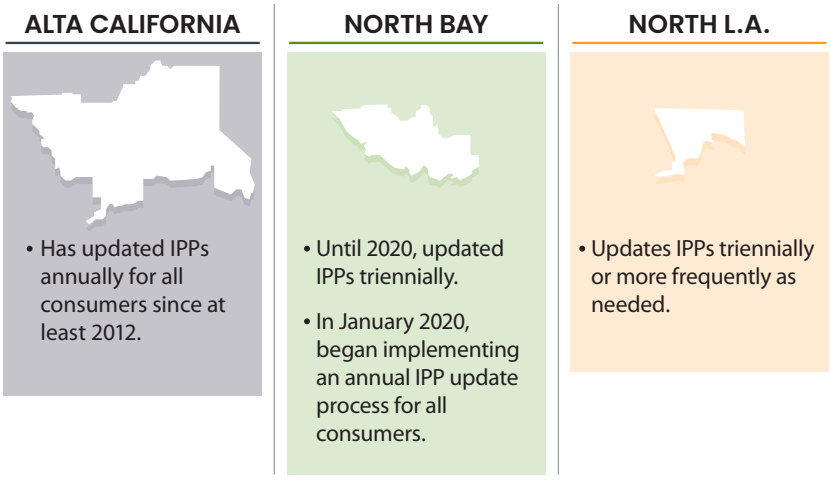
- Meet with their consumers at least once every three years to review and modify their IPPs.
- Annually review the IPPs of consumers enrolled in the waiver program.
- Meet quarterly with consumers who live in residential and nursing facilities, as well as those who reside in homes that they own or lease but who receive supported living services, to assess their progress toward achieving the objectives in their IPPs.
- Find innovative and economical methods of achieving the objectives in consumers' IPPs and investigate every appropriate and economically feasible option for the services and supports consumers need.

Source: State and federal laws.

Ten of the 30 consumers we reviewed required quarterly meetings with their service coordinators because of their residence type or the services they received. Of those 10 consumers, the regional centers met as required with all but two. One of the two consumers did not receive a required quarterly visit in 2019, which North L.A. attributed to scheduling issues. Although the second consumer had annual IPP meetings in 2020 and 2021, his service coordinator did

not meet with him quarterly as required during those two years. In fact, Alta California staff made no direct contact with this consumer after the IPP meeting in January 2021 until the end of December 2021. Alta California stated that the lapse in quarterly meetings was the result of significant service coordinator vacancies and difficulties recruiting new service coordinators.

Figure 4
The Three Regional Centers We Reviewed Have Established Different Time Frames for Updating Their Consumers' IPPs


ALTA CALIFORNIA
• Has updated IPPs annually for all consumers since at least 2012.
NORTH BAY
• Until 2020, updated IPPs triennially.
• In January 2020, began implementing an annual IPP update process for all consumers.
NORTH L.A.
• Updates IPPs triennially or more frequently as needed.

Source: Interviews and policies from Alta California, North Bay, and North L.A.

The regional centers also took sufficient measures to help the consumers we reviewed achieve or make reasonable progress toward the goals in their IPPs. According to the three regional centers' documentation, all of the 30 consumers we reviewed generally achieved or made reasonable progress toward more than half of the selection of their IPP goals. When consumers did not make satisfactory progress toward achieving their goals, it was often because they chose not to take appropriate action, despite the service coordinator's urging or assistance. For example, one consumer had not attended school in several years because of dissatisfaction with school placement. The consumer's IPP included a goal of returning to school, but a subsequent IPP note states that the consumer had refused to do so.

Nonetheless, recent feedback from consumers indicates that a significant number are dissatisfied with the quality of services they have received from the regional centers. State law requires DDS to conduct a survey of consumers, which it does every three years.

For DDS's most recent available survey—the adult family survey that it published in May 2021—more than 13,000 individuals responded to a question regarding the availability of service coordinators. Only 52 percent of these respondents reported that they were always able to contact their service coordinator when they wanted. Five percent stated that they were seldom or never able to contact their service coordinator, 11 percent could only sometimes contact their service coordinator, and 32 percent were usually, but not always, able to contact their service coordinator when needed. Consumers who cannot contact their service coordinators could be in need of critical services and supports that they are unable to obtain in a timely manner.

Only 52 percent of survey respondents reported that they were always able to contact their service coordinator when they wanted.

Inadequate staffing levels can also affect regional centers' ability to provide consumers and their families with enough information to take part in planning the needed services. Less than one-third of the consumers who responded to DDS's survey believed that they always received enough information to take part in planning services for their family members. Further, 11 percent stated that they never received enough information to take part in planning their family member's services.

The three regional centers that we reviewed stated they were not surprised by these survey results and agreed that being out of compliance with the required caseload ratios has negatively affected their service coordinators' ability to assist consumers. According to each of the three regional centers that we visited, achieving better outcomes for consumers requires additional time spent with each consumer and his or her family to create comprehensive person-centered plans that explore all the areas of their lives that are important to them.

DDS Has Not Adequately Addressed Funding Issues That Make It Difficult for Regional Centers to Meet Caseload Ratios

According to DDS and the three regional centers, regional centers are unable to meet the mandated service coordinator caseload ratios primarily because their salaries and benefits cannot compete with those offered by other employers. If a regional center fails to meet caseload ratios for two consecutive reporting periods, state law requires it to submit a corrective action plan to DDS that includes the steps that it will take to come into compliance. In their corrective action plans, all three regional centers we reviewed identified a lack of adequate funding as one of their biggest challenges. In fact, Alta California noted that although it hired 71 new employees in fiscal year 2020–21, 76 of its existing employees terminated their employment because of retirement or because its wages and benefits could not compete with those for other local and state government jobs.

The primary reason for the regional centers' inability to meet the caseload ratio requirement is DDS's approach to developing the budget for salaries and benefits for regional centers' service coordinators, which is substantially outdated. Before fiscal year 1979–80, each regional center developed its own staffing plan and budget through negotiations with DDS. According to a 2013 report by the Association of Regional Center Agencies (ARCA)—a nonprofit agency that represents all California regional centers—DDS developed a formula-based methodology for funding all regional centers' personnel and related operational costs beginning in fiscal year 1979–80. DDS commonly refers to this methodology as the *core staffing formula*. The core staffing formula calculates the number and types of positions that a regional center needs, including to comply with the required caseload ratios.[2] According to ARCA, the salary for a given position in the formula was linked to the midrange salary for the equivalent state position when a regional center position was added to the formula.

Regional centers' staff salaries and benefits have generally remained stagnant for the past 30 years.

The goal of the core staffing formula was to create a more equitable method for allocating funding for staffing that took into account the regional centers' caseloads and the resources they needed to accomplish their statutory and contractual requirements. However, because DDS has not taken sufficient action to update the core staffing formula, regional centers' staff salaries and benefits have generally remained stagnant for the past 30 years. Until fiscal year 1991–92, the State updated the core staffing formula to ensure that regional centers' staff salaries were similar to comparable state positions whenever state employees received a cost-of-living adjustment. However, as part of its response to a budget crisis in fiscal year 1991–92, the State froze the salaries in the core staffing formula, and these salaries have generally remained at the 1991 levels because DDS, which is responsible for updating the formula, has not done so.

DDS's failure to update the core staffing formula has affected the salaries of a number of regional center positions, not just service coordinators. For example, the revenue clerk position is linked to the state equivalent position classification of accounting technician, which had a mid-range salary in 2022 of about $44,000.[3] However, until recently, the core staffing formula used an annual midrange salary for this position of $18,400, which reflected its midrange salary in fiscal year 1990–91. The fiscal year 2022–23 Governor's Budget includes revisions that DDS made to the salary for the revenue clerk position, and as a result the core staffing formula

[2] We did not find any written analysis, justification, or documentation supporting the core staffing formula, which is the same formula DDS uses today with some minor changes.

[3] This is the fiscal year 2021–22 mid-range salary for an accounting technician at the Department of Motor Vehicles.

currently budgets a salary of $31,000 for the position. However, that salary is still about $13,000 below the mid-range salary of an accounting technician position with the State.

DDS explained that it is aware that the salaries in the core staffing formula are significantly lower than the actual costs to employ regional center staff, including service coordinators. However, it could not explain why the salaries in the core staffing formula have remained frozen even after the State's budget crisis ended. It also could not explain why it has not taken any action to revise the core staffing formula.

To assess the effect of decades of frozen wages on the regional centers' staffing, we estimated the difference between the existing salaries and the amounts DDS would budget if it had kept salaries aligned with increases in the Consumer Price Index (CPI). To perform this analysis, we relied in part on information from ARCA's 2013 report on the reasons why and the extent to which regional center operations budgets were underfunded. ARCA noted that it intended for the report to alert the public and policymakers that the situation was directly threatening the health and well-being of consumers. The report found that had the service coordinator salary in the core staffing formula kept pace with state salary increases since 1991, it would have been more than $50,000 in 2013. If it had kept pace with the CPI, it would have been more than $61,000. Using the ARCA report and CPI data, we estimate that service coordinator salaries in fiscal year 2021–22 would be nearly $70,000, as Figure 5 shows. This is more than twice the actual funded amount of $34,000.

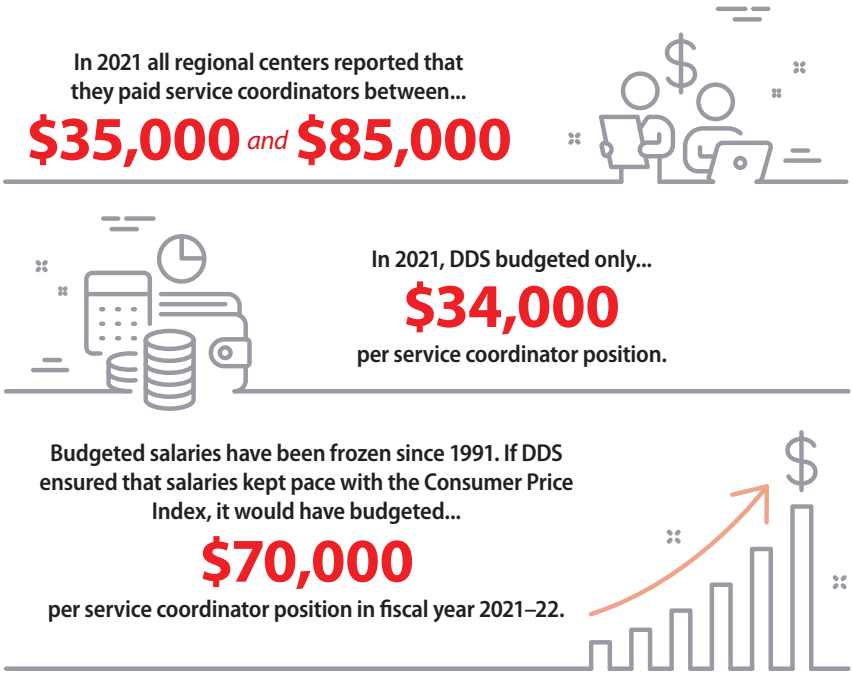
To compensate for the limited funding DDS provides for service coordinator salaries, regional centers are hiring fewer service coordinators at higher salaries.

To compensate for the limited funding DDS provides for service coordinator salaries, regional centers are hiring fewer service coordinators at higher salaries. In fiscal year 2020–21, DDS funded more than 6,000 service coordinator positions statewide at $34,000 each. However, as Figure 5 shows, DDS's December 2021 survey of regional centers indicates that the actual salaries that regional centers paid their service coordinators ranged from $35,000 to $85,000. For example, as of February 2022, Alta California needed at least 226 full-time service coordinators to serve its nearly 14,000 waiver consumers, or one for every 62 consumers. However, at their current actual salaries, Alta California employed only 162 service coordinators, or one for every 86 consumers.

Despite regional centers' long-standing struggles with meeting the required caseload ratios, DDS has only recently taken steps to provide additional funding. Specifically, it worked with the Legislature in fiscal year 2017–18 to provide $79 million in ongoing funding to regional centers for their operations, including $17 million for reducing service coordinator

caseload ratios. Although the additional $17 million helped the regional centers reduce their caseload ratios for some consumer groups during a few subsequent years, it was not enough to bring them into compliance with the required ratios. Further, caseload ratios that regional centers reported in February 2022 were worse than the ratios they reported before receiving the additional $17 million—indicating that the $17 million did not permanently reduce caseload ratios. DDS explained that it recently coordinated with ARCA to survey regional centers about their service coordinator salaries and to identify the additional funding needed. Based on the survey, DDS is working with the Department of Finance to secure additional funding. Specifically, the fiscal year 2022–23 Governor's Budget proposes increasing the regional centers' budgets by nearly $84 million, which, according to DDS, will fund the additional 850 service coordinator positions and the approximately 90 supervisor positions it believes are necessary to meet all caseload ratios.

Figure 5
DDS Provides Less Than Half of the Funding Necessary to Pay for Each Inflation-Adjusted Service Coordinator's Salary


In 2021 all regional centers reported that they paid service coordinators between...
$35,000 and $85,000
In 2021, DDS budgeted only...
$34,000
per service coordinator position.
Budgeted salaries have been frozen since 1991. If DDS ensured that salaries kept pace with the Consumer Price Index, it would have budgeted...
$70,000
per service coordinator position in fiscal year 2021–22.

Source: DDS's annual caseload ratio surveys of regional centers from 2003 through 2022, the fiscal year 2022–23 Governor's Budget, the Consumer Price Index, and a 2013 ARCA report.

However, DDS was unable to explain how it will divide the nearly $84 million among the regional centers or why it believes this funding will be adequate to ensure that regional centers can comply with the required caseload ratios. In fact, according to data that DDS collected as of February 2022, regional centers need approximately 1,100 additional service coordinators to comply with the required caseload ratios. Further, ARCA believes that the additional funding will be insufficient to pay for all of the required service coordinators. ARCA stated that the nearly $84 million would only fund about 770 new positions.

Most critically, the steps that DDS has taken to date to provide regional centers with additional funding do not address the shortcomings in the core staffing formula. In other words, while DDS has been providing some supplementary funding for regional centers to help fill in the gaps between the budgeted salaries and actual staffing costs, the core staffing formula continues to use the same frozen salaries. Because the additional $84 million funding will remain static over time, it will become even less sufficient each year as the State's consumer population grows and as regional centers' salary and operational costs increase. ARCA agreed with our assessment. However, DDS does not currently plan to adjust the supplementary funding in the future based on CPI or state salary increases.

The steps that DDS has taken to provide regional centers with additional funding do not address the shortcomings in the core staffing formula.

To find a permanent solution to the regional centers' struggle with meeting caseload ratios, DDS needs to revisit the core staffing formula. DDS stated that if it were to consider changing the core staffing formula, it would likely need to conduct a broader review of the regional centers' operations because it would necessitate approval from the Governor's Office and the Legislature, and it would likely require stakeholder input. DDS acknowledged that updating the assumptions in the core staffing formula as part of this review would provide greater budget transparency and ensure that the formula accurately reflects regional centers' current operational needs.

DDS Has Not Ensured That Regional Centers Monitor Vendors as State Law Requires

Lack of proper monitoring of vendors can result in serious harm to the consumers that those vendors serve. Nonetheless, DDS has inadequately overseen regional centers to ensure that they are complying with vendor monitoring requirements. As we discuss in the Introduction, state law requires regional centers to perform regular on-site monitoring of certain vendors that provide residential services to ensure that those services are adequate, among other things. However, Alta California could not always

demonstrate that it monitored its residential vendors as frequently as required. State law also requires that regional centers review all vendor files every two years to ensure that the vendors continue to meet required qualifications. However, none of the three regional centers we reviewed have adequately performed these biennial reviews.

As Table 2 shows, vendors that provide certain types of residential services to consumers are subject to regular on-site reviews to ensure the quality of these services, which state law refers to as *quality assurance visits* (quality reviews). State law requires regional centers to conduct quality reviews either quarterly or monthly, depending on the type of service. During these reviews, regional centers verify the safety of vendors' facilities, review staff qualifications, and assess consumers' health status and medical care. Because quality reviews are so important to protecting consumers, state law requires DDS to monitor regional centers' compliance with quality review requirements. As part of this effort, DDS must review these vendors every six months to ensure the adequacy of regional centers' monitoring.

Table 2
Types of Vendors That Provide Residential Services and That Require Enhanced Monitoring

VENDOR TYPES	DESCRIPTION OF SERVICES	REQUIRED MONITORING FREQUENCY
Community Crisis Homes	24-hour nonmedical care to individuals with developmental disabilities in need of crisis intervention services who would otherwise be at risk of placement in an institutionalized setting (an acute crisis center, a state-operated facility, an out-of-state placement, a general acute hospital, or an institution for mental disease)	Quarterly
Enhanced Behavioral Support Homes	24-hour nonmedical care in a homelike setting for individuals with developmental disabilities who require enhanced services and supports to address challenging behaviors	Quarterly
Group Homes for Children With Special Health Care Needs*	24-hour care and intensive support services to consumers aged 18 or under in a homelike setting	Monthly
Adult Residential Facilities for People With Special Health Care Needs	24-hour health care and intensive support services to adult consumers in a homelike setting	Monthly

Source: State law.

* According to DDS, none of the Group Homes for Children With Special Health Care Needs in the State are currently operational.

Although quality reviews are critical to ensuring the well-being of the vulnerable consumers that these vendors serve, we found that Alta California did not always perform this type of monitoring as required. We selected up to five different types of vendors that the three regional centers should have monitored for quality and assessed

the reviews that the regional centers conducted of each from fiscal years 2018–19 through 2020–21. Both North Bay and North L.A. provided documentation to demonstrate that they reviewed the selected vendors as required. However, we found that although Alta California performed some quality reviews of the five vendors we selected, it had not conducted three vendors' reviews with the required frequency. Specifically, Alta California conducted required quarterly reviews of the one community crisis home and the one enhanced behavioral support home we selected. However, we found some gaps in its monthly reviews of the three adult residential facilities for people with special health care needs we selected.

Some of the vendors we selected at Alta California are adult residential facilities for people with special health care needs. State law requires that a registered nurse from the regional center review all such facilities every month to ensure that the consumers they serve are receiving adequate health care and support services. We therefore requested that Alta California provide the monthly reviews since July 2018 for the three vendors we selected. However, our review found gaps in Alta California's monitoring for each of the three vendors during this period. Alta California attributed some of these gaps during a specific period to turnover in the nursing staff that conducts these reviews, but it could not explain all gaps in its reviews.

By not performing quality reviews as required, Alta California missed opportunities to proactively identify noncompliance before it could result in harm to consumers.

By not performing quality reviews as required, Alta California missed opportunities to proactively identify noncompliance by vendors before it could result in harm to consumers. In fact, the reviews that Alta California did perform highlight their importance. For example, during a recent quality review of an adult residential facility for people with special health care needs, Alta California found that the vendor had not consistently administered prescribed medication to a consumer as required and had not documented its reasons for not doing so. The regional center further found that the vendor had not properly documented instructions for administering two of the consumer's other medications, which, it noted, could result in errors in their administration. When reviewing another vendor, Alta California found that a consumer urgently needed an ultrasound, but the vendor had not scheduled it.

DDS's own on-site reviews of vendors have uncovered similar serious issues that highlight the need for DDS and the regional centers to monitor vendors as required. For example, during fiscal year 2019–20, DDS reviewed one of Alta California's vendors that provides residential services. In addition to issues related to medication instructions, medication administration errors, and staff training, DDS identified other problems with the safety of the home, including possible mold, unsecured chemicals, and blocked

emergency exits. The problems it found put consumers' health and safety at risk. Although DDS alerted Alta California about its findings, the fact that DDS identified so many concerns with this vendor demonstrates why it is important for regional centers to conduct adequate and timely quality reviews.

Finally, none of the three regional centers we reviewed have adequately monitored all their vendor files to ensure that vendors continue to be qualified to serve consumers. As the text box shows, state law requires regional centers to biennially review vendor files to ensure that the vendors continue to meet certain requirements (qualification reviews), including possessing valid licensure and certifications. Nonetheless, Alta California could not demonstrate that it had performed qualification reviews for any of the 10 vendor files we selected that provided services during fiscal years 2018–19 through 2020–21. The regional center indicated that it does not currently have processes for conducting these reviews and acknowledged that it has not been performing them. In contrast, North Bay and North L.A. have policies and procedures in place. North Bay performed these reviews with the required frequency, but it did not verify professional qualifications for any of the 10 vendor files we selected. Although North L.A. conducted qualifications reviews of the 10 vendor files we selected, it did not conduct these reviews for seven of the 10 every two years since fiscal year 2018–19, as required.

Elements of a Qualification Review

State law requires each regional center to perform a qualification review of its vendor files at least every two years that includes the following steps:

- Ensure that all required information and documentation for the vendor are current, completed, and accurate. For example, the regional center must review that the service the vendor currently provides is the same service in the vendor's original, approved application.
- Verify, if applicable, that the vendor and its staff continue to meet professional qualifications, such as possessing valid licensure and certifications.
- Verify that the vendor served at least one consumer within the last 24 months.

If a regional center discovers during the course of its review that a vendor's documentation is inaccurate or out-of-date, state law requires it to terminate its contract with that vendor.

Source: State law.

Alta California could not explain why it did not conduct qualification reviews, and the other two regional centers provided varying explanations for not conducting these reviews as required. North Bay explained that although it performs qualification reviews, it acknowledged not reviewing vendors' professional qualifications, specifically their licensure, because it was unaware of this requirement. North L.A. stated that it conducted qualification reviews for only some vendor files before 2021 because of the impact of the pandemic on its operations and because it prioritized the health and safety of staff. However, when regional centers fail to consistently conduct qualification reviews, they increase the risk that unqualified vendors are serving consumers, many of whom are vulnerable. Further, state funds may be paying for these poor or inadequate services.

At least two of the regional centers' failure to properly perform qualification reviews has persisted for more than five years. Specifically, we reported in October 2016 that Alta California and North L.A. could not demonstrate adequately, if at all, that they conducted qualification reviews of vendor files at least every two years.[4] In our 2016 audit, we recommended that DDS require regional centers to develop a process to conduct and document biennial reviews and that it also require the regional centers to take appropriate action to ensure that vendors comply with the requirements, up to and including terminating the vendors' agreements, if necessary.

Despite the fact that we made this recommendation nearly six years ago, DDS did not attempt to implement it until February 2022 after we began this audit. In its initial response in 2016, DDS stated that it would issue a directive to regional centers reminding them of their responsibility to review vendor files at least biennially. In October 2021, DDS indicated that it had not yet issued this directive to regional centers but planned to do so by July 2022. During our audit, DDS provided us with a reminder letter that it finally sent to all regional centers in February 2022. However, the reminder consisted of one sentence noting that regional centers are required to perform reviews of vendor files under state law.

DDS did not attempt to implement a recommendation we made nearly six years ago to require regional centers to conduct and document biennial reviews and to take appropriate action to ensure that vendors comply with the requirements, until after we began this audit.

Such a minimal action fails to address the underlying issue that our previous audit identified—that regional centers were aware of the requirement but that they had not adequately been performing the reviews. Further, when we asked why sending a one-sentence reminder required more than five years to accomplish, DDS neither explained why it took so long nor why it had not ensured that regional centers were complying with this requirement in the meantime. Given that DDS is responsible for ensuring that regional centers comply with vendor monitoring requirements, we expected it to issue a robust directive and undertake steps to ensure that regional centers are performing qualification reviews.

DDS and Regional Centers Do Not Monitor Whether Consumers Experience Difficulties in Accessing Services

DDS and regional centers do not systematically monitor whether consumers have convenient access to services. To help ensure that consumers and their families have equitable access to high-quality services and supports, state law requires DDS to have a process for evaluating quality and access measures and for identifying barriers

[4] *Department of Developmental Services: It Cannot Verify That Vendor Rates for In-Home Respite Services Are Appropriate and That Regional Centers and Vendors Meet Applicable Requirements*, Report 2016-108, October 2016.

to consumers' accessing services. However, DDS has not established a data collection process for tracking consumer service metrics, including whether services are timely and convenient. According to the three regional centers that we reviewed, their service coordinators are responsible for working with each consumer to identify and resolve any barriers to convenient access. However, the regional centers also have not implemented systems or processes for tracking access. As a result, DDS and regional centers cannot assess whether consumers are receiving timely and convenient services.

Identifying barriers to convenience is a generally recognized best practice to ensure that services are readily accessible. For example, state law requires the Department of Health Care Services (Health Care Services) to develop and adopt processes to ensure that enrollees in Medi-Cal managed care plans have timely access to needed health care services. Health Care Services must develop standards for appointment wait times, for timeliness of care in an episode of illness, and for timeliness of referrals and services. These standards may include a process for tracking the time elapsed between when an enrollee seeks health care and when the enrollee obtains it. Further, Health Care Services must consider the needs of rural areas, where health care facilities may be more than 15 miles or 30 minutes from a person's home.

Having data about convenience of access to and wait times for receiving services would allow DDS and the regional centers to identify gaps in available services and find practical solutions.

Having data about convenience of access to and wait times for receiving services would allow DDS and the regional centers to proactively identify gaps in available services and to find practical solutions. For example, a consumer complaint that we reviewed stated that Alta California failed to provide the consumer with previously agreed-upon transportation services to and from the consumer's day program. According to Alta California's investigation report, it made numerous unsuccessful efforts to secure these transportation services. The report stated that the main cause of its failure was a lack of transportation vendors in the consumer's geographic area. However, Alta California acknowledged that it failed to adequately gather information about all existing transportation systems in that area; in fact, the consumer's parents ultimately identified available transportation services. Alta California noted in its investigation report that it had begun paying for the transportation services for the consumer. If the regional center had tracked data related to access, it might have identified and resolved the lack of services sooner. In the absence of a process for tracking consumer service metrics, the risk increases that consumers will not receive timely, convenient access to needed services and that regional centers and DDS may not be aware of such situations.

According to DDS and the regional centers that we reviewed, their data system—the San Diego Information System (SANDIS)—is antiquated and does not allow them to track consumer service metrics. The San Diego regional center originally developed SANDIS more than 30 years ago as a universal client database system for all California regional centers to track consumer information. SANDIS includes a record for each consumer, which that individual's assigned service coordinator maintains. However, DDS explained that SANDIS does not allow for centralized management and integration of the data, which is necessary for aggregating the information and for monitoring and assessing outcomes. DDS further noted that updating SANDIS is challenging because each regional center maintains its own version of the system, so statewide changes can create errors within the regional centers' individual systems. Additionally, SANDIS does not allow consumers to access and update their own information, such as their addresses, contact information, authorized services and history, or scheduled appointments.

Because SANDIS is unable to centrally track and manage consumer information, its data come from disparate sources, are of poor consistency and integrity, and differ between regional centers. In light of these problems, DDS plans to develop a new system—the Consumer Electronic Records Management System (CERMS)—that would allow it to centrally manage information across all California regional centers. As of May 2022, DDS was in the review and approval process with the California Department of Technology to develop CERMS and stated that it expects to implement the system by July 2025.

That said, until we discussed the issue with DDS during our audit, it had not considered ensuring that CERMS will enable regional centers to track metrics regarding consumers' access to services. Without specific data on how long consumers must wait to receive services and how far they must travel to obtain them, DDS and the regional centers cannot adequately and systematically address any challenges. For example, DDS could ensure that the new system allows regional centers to track the distance that consumers must travel to get access to services, and that when those distances are excessive, they must identify additional service providers closer to the consumer or transportation services in the area. Additionally, DDS could ensure that CERMS can track the dates that consumers receive services to ensure that they do not experience excessive wait time from a vendor. Unless DDS enables the new data system to track such metrics, it will not be able to ensure that consumers can conveniently access services.

Until we discussed the issue with DDS, it had not considered ensuring its new data system can track metrics about access to services.

DDS Has Not Provided Adequate Oversight of Regional Centers' Complaint Processes

DDS has not ensured that regional centers complete all complaint investigations within the required 20 working days.

As the Introduction explains, state law allows consumers to file a complaint if they believe a regional center has violated any of their rights. However, DDS has not ensured that regional centers complete all complaint investigations within the required time frame of 20 working days. In fact, all three regional centers we reviewed frequently exceeded that time frame. Although DDS is aware of this problem, it has not taken steps to address the issue across all regional centers. Instead, it has generally addressed the issue only when the affected consumers complained to it that a regional center exceeded the required time frame. Further, DDS has also not consistently completed its own investigations of consumer appeals within the required time frame of 45 calendar days.

In addition, two of the three regional centers we reviewed have not always provided complaint information to consumers as required when the consumers applied for services and attended IPP meetings. As a result, these consumers may not be aware that they have a recourse for resolving any issues they encounter in obtaining the services to which they are entitled.

The Three Regional Centers Frequently Exceeded the Required Time Frame When Investigating Complaints

Complaints serve as an important check to ensure that consumers receive all services to which they are entitled and that those services are of high quality. For example, one complaint we reviewed included allegations that a vendor had wrongfully terminated a consumer's supported living services. In its investigation, the regional center found that the vendor had violated the consumer's right to make choices and manage his own in-home supportive services. Had the consumer not filed a complaint, the regional center would likely have remained unaware of this violation of the law. In another instance, a consumer complained that a regional center had inappropriately denied requests for independent living services. Although the regional center did not corroborate the allegation that services had been denied, it did find in several instances that staff had not responded to the consumer's requests for service within statutory deadlines. It stated that it would take action by providing training to staff on these deadlines.

In part because complaints are so critical to ensuring quality care, state law requires that within 20 working days following a complaint's receipt, a regional center must investigate and send a written proposed resolution to the complainant. However, as Table 3 shows, DDS's data demonstrate that the three regional

centers often failed to complete their complaint investigations on time. According to DDS's annual reports to the Legislature, the 21 regional centers met the required time frame for completing investigations for an average of just 60 percent of complaints they received from fiscal years 2018–19 through 2020–21.[5]

Table 3
The Three Regional Centers We Reviewed Often Exceeded the Required Time Frame for Complaint Investigations

COMPLAINT INVESTIGATIONS COMPLETED WITHIN REQUIRED 20 WORKING DAYS			
	Fiscal Year 2018–19	*Fiscal Year 2019–20*	*Fiscal Year 2020–21*
Alta California	**8 of 20** *(40%)*	**14 of 19** *(74%)*	**4 of 7** *(57%)*
North Bay	**0 of 3** *(0%)*	**4 of 21*** *(19%)*	**2 of 4** *(50%)*
North L.A.	**6 of 29** *(21%)*	**11 of 43** *(26%)*	**9 of 31** *(29%)*

Source: Analysis of DDS's annual reports to the Legislature on consumers' rights complaints and fair hearing requests for fiscal years 2018–19 through 2020–21.

* The regional center received a number of single-issue complaints that otherwise would have been combined, resulting in a higher number of complaints.

When we reviewed a selection of five complaints each at Alta California, North Bay, and North L.A., we found that Alta California met the time frame for investigating all five. However, North Bay and North L.A. often exceeded the time frame. As Table 4 shows, North L.A. averaged the longest time to complete investigations. For example, North L.A. received a complaint in October 2020 alleging that a vendor was engaging in a fraudulent scheme with the consumer's mother by receiving money for services without actually providing those services. North L.A. took nearly 70 working days to complete its investigation of this complaint. The regional center stated that although it was unable to substantiate a rights violation, it informed its accounting unit of the allegations so the unit could determine whether it should audit the vendor. As of May 2022, the accounting department was conducting an audit of the vendor, which it expected to finish in

[5] When counting the number of days to complete an investigation, state law excludes the day upon which the regional center receives the complaint. However, DDS stated that it includes this first day when calculating whether a regional center completed its investigation on time. As a result, the data DDS reported to the Legislature may understate the percentage of investigations regional centers completed on time. Nonetheless, the fact remains that regional centers are not completing all investigations in the required time frame.

June 2022. The accounting unit stated that it was unable to start the audit earlier because of staffing availability and other planned vendor audits.

Table 4
North L.A. Took Significantly Longer Than Alta California or North Bay to Investigate a Selection of Five Complaints

	AVERAGE TIME TO COMPLETE INVESTIGATIONS*	LENGTH OF LONGEST INVESTIGATION
Alta California	16 working days	20 working days
North Bay	25 working days	39 working days
North L.A.	51 working days	68 working days

Source: Analysis of five consumer rights complaint cases each at Alta California, North Bay, and North L.A.

* We reviewed five complaints that each regional center received from fiscal years 2018–19 through 2020–21. From March 18, 2020, through July 15, 2020, DDS temporarily extended the time frame for complaint investigations to 40 working days because of the COVID-19 pandemic. We only reviewed one complaint at North Bay that was received during this extension.

The three regional centers provided various reasons for either not completing investigations on time or finding it challenging to do so. For example, North L.A. stated that 20 working days is often not sufficient to complete all the steps of an investigation, which include scheduling and conducting interviews, as well as drafting and reviewing the determination letter. According to North L.A., it has four staff who are responsible for not only investigating complaints but also for handling all fair hearing requests, among other duties. North L.A. stated that when its staff have a high workload or when a complaint involves a complex issue, it immediately requests an extension from the complainant, which—as we describe later—state law does not allow. Alta California also stated that it can be difficult for staff to complete complaint investigations in addition to meeting their other responsibilities. North Bay incorrectly believed that if having additional time could promote a more meaningful investigation of a complaint, it could extend the investigation time frame so long as the complainant expressly authorized the extension.

The three regional centers asserted that additional guidance from DDS regarding complaint processing would be helpful. North L.A. stated that such guidance is necessary as it believes the time frame is not sufficient when it has a high number of cases or has

complex complaints that require review by other departments and information from vendors. Both Alta California and North Bay also stated that they would find additional guidance from DDS on managing complaint investigations useful.

Although DDS has been aware for a number of years that regional centers are not completing their investigations in a timely manner, it has not yet taken steps to systematically address this issue. DDS acknowledged that in the past, it required a corrective action plan from a regional center only if a consumer complained that the regional center exceeded the 20-day time frame. However, DDS's reports to the Legislature show that this approach has not resolved the problem. DDS also has been aware that some regional centers, like North L.A., extend the investigation time frames and confirmed that state law does not allow doing so, regardless of whether the complainant agrees. However, DDS stated it has not yet conferred with its legal department on this topic and issued clarification to all regional centers because it believes extensions occur infrequently, so addressing the issue has been a lower priority.

DDS told us that its current goal is to address the regional centers' delays in completing investigations more systematically instead of case by case. It confirmed that it is currently developing clarifying guidance about extensions. However, it maintained that changing the 20-day time frame or allowing extensions is unnecessary. Rather, it plans to find ways to help the regional centers resolve complaints in a timely manner. DDS stated that the intent of the consumer complaints process is to identify and resolve rights violations in a timely manner, and thus it does not want to pursue adding allowable extensions to the process.

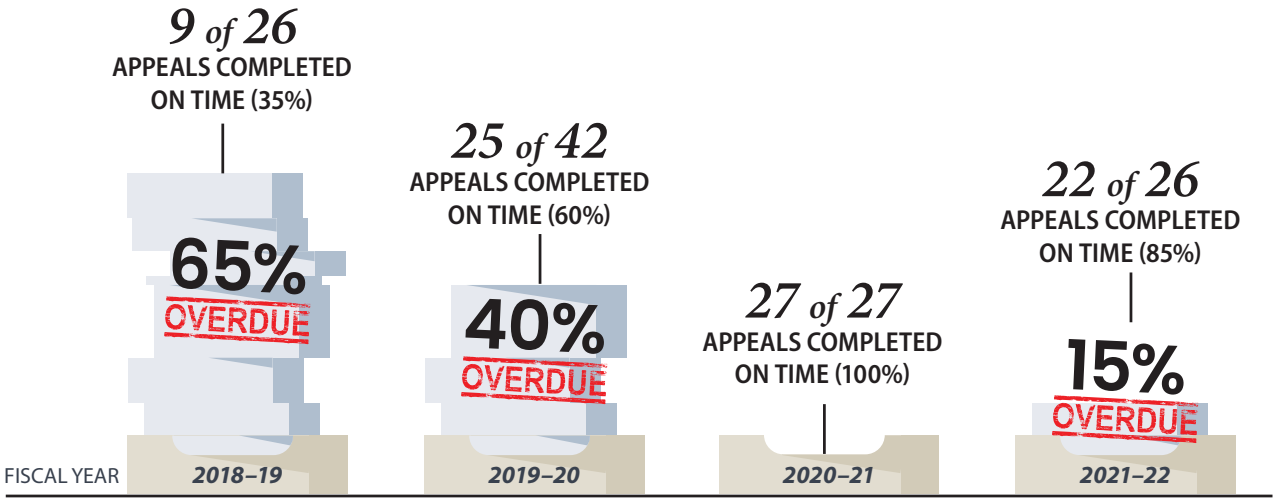
DDS is considering holding trainings for regional centers to discuss its expectations for thorough investigations with timely completion.

Instead, DDS is considering holding trainings for regional centers to discuss its expectations for their completion of investigations so that they can better balance thorough investigations with timely completion. DDS indicated that regional centers may be better able to reach this balance if they exclude unnecessary work. Specifically, it stated that consumers often include in their complaints issues that are not related to consumer rights and that these should instead be addressed through another process, such as a fair hearing. However, regional centers still sometimes address these issues in their complaint investigations. DDS believes that if regional centers direct consumers to the appropriate alternative process for other issues, it would likely reduce the number and complexity of consumer rights complaints.

In the past, DDS also often exceeded the time frame for completing its own investigations of appeals, though its performance has recently improved. Specifically, DDS must complete an investigation within 45 days of receiving an appeal from a consumer. However, as Figure 6

shows, during fiscal years 2018–19 and 2019–20, DDS completed only 35 percent and 60 percent of complaint appeals, respectively, within the required 45 calendar days. In fact, when we reviewed a selection of five appeals from these years, we found that DDS exceeded the investigation time frame for three of them by a substantial margin, taking about 80 days. However, DDS recently improved its procedures for completing appeals and, likely as a result, it met the time frame for all appeals it investigated during fiscal year 2020–21, as Figure 6 shows.

Figure 6
DDS Recently Began Completing More Complaint Appeals by the Required Deadlines



Source: DDS's annual reports to the Legislature on consumers' rights complaints and fair hearing requests for fiscal years 2018–19 through 2020–21, and analysis of DDS's appeals tracking data for fiscal year 2021–22 as of April 28, 2022.

That said, DDS has not yet formalized the new procedures that have enabled it to improve its performance. DDS stated that these new procedures include calculating due dates for various steps in an investigation and providing adequate time to complete translation of documents, if necessary. To ensure that staff continue to meet the required time frames, DDS will need to formalize these steps. DDS stated that its current procedures are functional but need updating, which it will do as time allows. In fact, as of April 2022, DDS had not met the time frame for four of the 26 appeals it had investigated during fiscal year 2021–22, an indication that staff are not consistently adhering to the procedures. Most of these four appeals arrived near the same time, and DDS explained that when it receives several appeals at once, completing them on time can be challenging. However, DDS cannot control when consumers submit appeals, so formalizing its procedures and monitoring whether staff follow those procedures are critical.

Two of the Three Regional Centers Did Not Consistently Inform Consumers About the Process for Filing Complaints

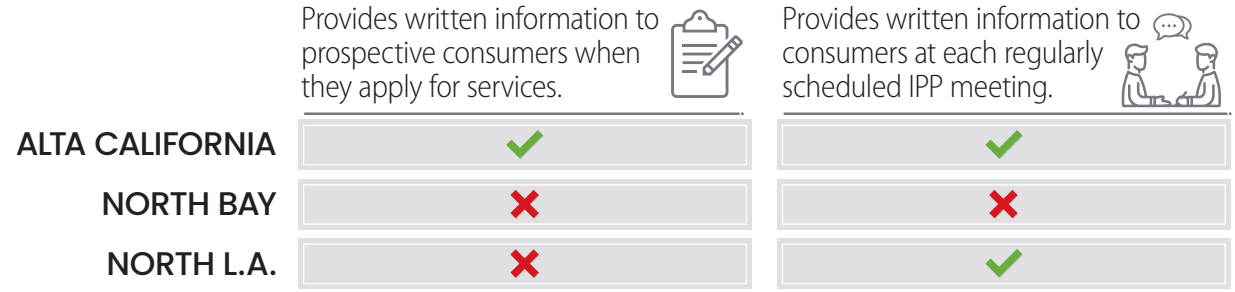
State law requires regional centers to notify applicants in writing of their right to file a complaint, thus ensuring that they are aware of the complaint process.

When individuals apply for services, state law requires regional center staff to notify them in writing of the right to file a complaint, thus ensuring that they are aware of the complaint process. Moreover, whenever a regional center develops or updates a consumer's IPP, it must again notify the consumer in writing of the right to file a complaint. Although DDS is responsible for ensuring that regional centers comply with these requirements, its current monitoring process does not include a review of whether regional centers inform consumers about the complaint process. Instead, DDS stated that it monitors regional centers' compliance through a biennial self-assessment the regional centers complete as part of the department's quality assurance monitoring for a federal Medicaid program.

The self-assessment contains a broad question about consumer rights but does not elicit adequate information to determine whether a regional center has provided information on the complaint process as required. Specifically, the self-assessment asks whether "a regional center takes actions to ensure consumers' rights are protected." Likely because this question is vague, Alta California, North Bay, and North L.A. each interpreted it differently and did not always disclose how they provided complaint information to consumers. For example, in its most recent self-assessment in 2021, Alta California described how staff monitor consumer records for any rights violations. In the same assessment, North Bay pointed to its procedures for fair hearing requests. North L.A., on the other hand, appropriately described its process for providing complaint information to consumers. When we asked DDS about this issue, it stated that it was not aware that regional centers did not always address their notifications regarding the complaint process in these self-assessments. It agreed that it can and will improve its monitoring of regional centers' compliance in this area.

In the absence of sufficient monitoring, two of the three regional centers we reviewed did not consistently meet the requirements for providing complaint information to consumers. In fact, as Figure 7 shows, North Bay has not even developed written information about the complaint process to share with prospective consumers. Although North L.A. has developed written information on the complaints process, it stated that it has not been providing this information to prospective consumers. In contrast, Alta California explained that its intake staff review its brochure on the complaints process with prospective consumers at the time they apply for services. After we brought the deficiencies we identified to North Bay's and North L.A's attention, both stated that they would correct these problems.

Figure 7
The Three Regional Centers We Reviewed Do Not Consistently Provide Required Information to Consumers About the Complaint Process


Provides written information to prospective consumers when they apply for services.
Provides written information to consumers at each regularly scheduled IPP meeting.
ALTA CALIFORNIA
NORTH BAY
NORTH L.A.

Source: State law, interviews with regional center staff, and analysis of regional center policies and procedures.

In terms of providing information during regularly scheduled IPP meetings, both Alta California and North L.A. state on the IPP form, which the consumer must sign, that the consumer has received information about the complaint process. This approach helps to ensure that service coordinators cover the required information during IPP meetings. North Bay, on the other hand, does not have a similar method for confirming that consumers understand the complaint process. North Bay stated that it would address this issue moving forward.

Please refer to the section beginning on page 3 to find the recommendations that we have made as a result of these audit findings.

Other Areas We Reviewed

DDS Needs to Ensure That Regional Centers Make Timely Decisions on Applicants' Eligibility for Services

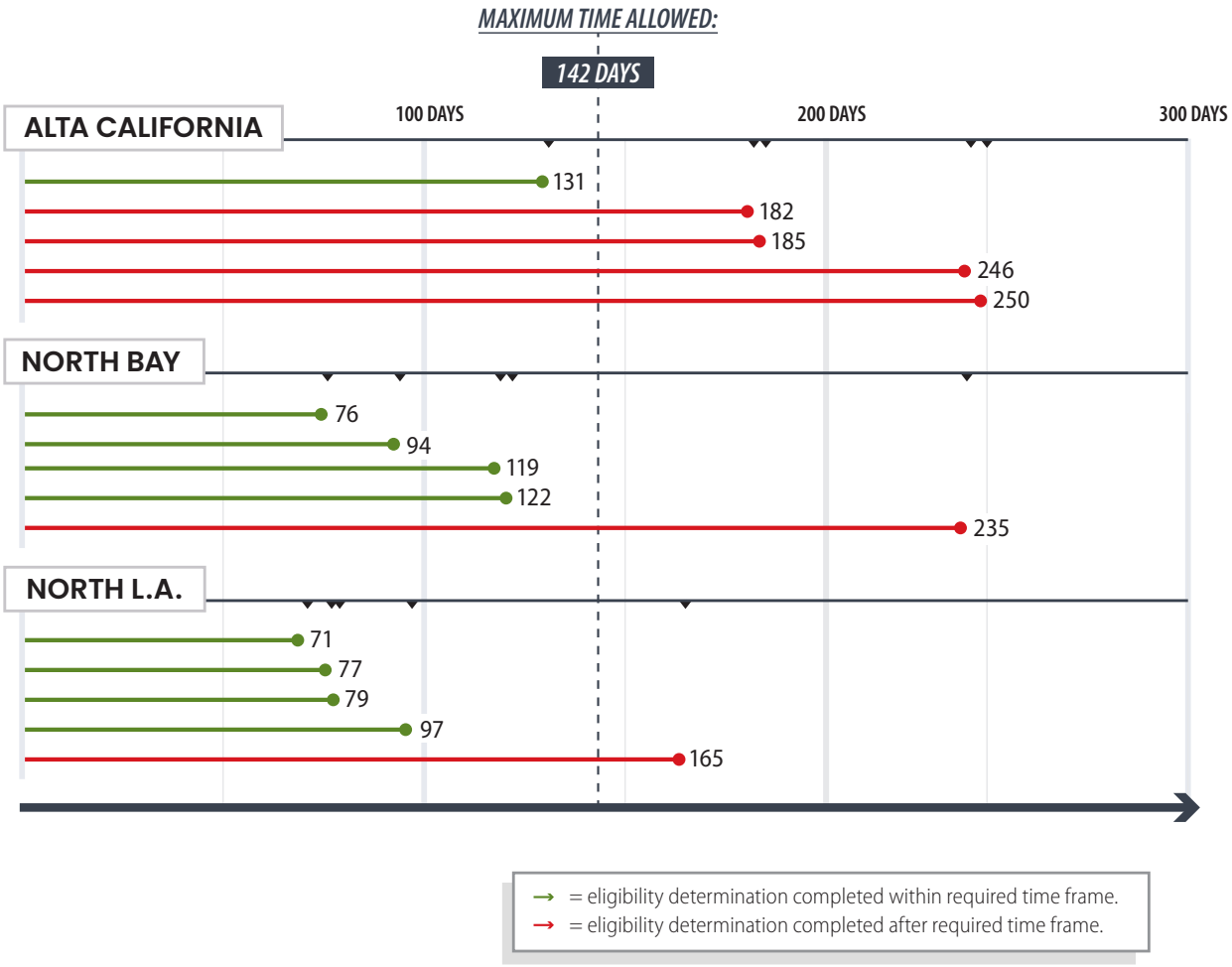
Although regional center applicants may need services immediately, we found that regional centers do not always complete eligibility determinations within required time frames. As we describe in the Introduction, when an individual applies or is referred to a regional center, the regional center must determine whether that individual is eligible for services. State law requires that a regional center perform an initial intake within 15 working days of the request for assistance. Following the initial intake, the regional center then has 120 calendar days to complete the eligibility determination if an assessment is needed. This assessment can include collecting and reviewing historical diagnostic data, as well as procuring other necessary evaluations. Including both phases of the application process, reaching the eligibility determination should take no longer than about 142 calendar days, depending on the number of holidays within the period. However, as Figure 8 shows, Alta California exceeded the time frame for four of its five applications we reviewed, while North Bay and North L.A. exceeded the time frame for one of the five applications we reviewed at each.

In some cases, the delays in making eligibility determinations were beyond the regional centers' control. For example, North Bay made an eligibility determination for one application 235 days after receiving it. However, the application records show that the delay was due, at least in part, to the applicant's cancelling a scheduled evaluation and rescheduling it for a later date. We also noted delays that were caused by waits for requested records or difficulties getting in touch with applicants. The regional centers stated that they cannot compel applicants or institutions, such as medical centers or school districts, to submit the necessary information in a timely fashion. Consequently, regional centers sometimes face extenuating circumstances that prevent them from completing eligibility determinations within the required time frame.

That said, one of Alta California's past practices for completing its eligibility assessments may have contributed to its excessive delays. North Bay and North L.A. both begin the 120-day time frame immediately following the initial intake. However, until recently, Alta California did not start the 120-day time frame until after it received requested records. For the applications we reviewed, North Bay and North L.A. immediately began scheduling necessary evaluations while waiting for records, but Alta California did not proceed with the evaluation step until it had received the records. This approach created unnecessary delays for the two applications we reviewed in which Alta California encountered

difficulties contacting the applicant and obtaining records. Of the three regional centers we reviewed, Alta California took the longest on average to complete eligibility determinations.

Figure 8
The Three Regional Centers We Reviewed Exceeded the Required Time Frame for Some Eligibility Determinations



Source: Analysis of five applications for services that Alta California, North Bay, and North L.A. each received in fiscal year 2018–19.

* State law specifies an initial 15 working days in which a regional center must contact an applicant and provide information on regional center services, followed by 120 calendar days in which the regional center must complete the eligibility determination. The entire process should take a maximum of around 142 calendar days, depending on how many holidays fall within it.

Alta California stated that it waited to start the 120-day time frame in an attempt to streamline its process for making eligibility determinations. However, state law requires that the time frame should begin following the initial intake, and DDS confirmed that gathering records should take place during the 120 days. In 2021

Alta California updated its procedures, and it confirmed that it no longer waits to receive requested records before starting the time frame and scheduling evaluations.

Although DDS monitors the timeliness of the application process as part of its annual performance reviews of regional centers, its oversight was insufficient to identify Alta California's noncompliance before the regional center updated its procedures. DDS's 2019, 2020, and 2021 reports show that Alta California met intake and eligibility determination timelines for more than 95 percent of its applicants. DDS confirmed that it monitors the regional centers' performance using the data it collects on all applicants to calculate the length of the intake and eligibility determination process for each. When we brought Alta California's noncompliance to DDS's attention, it stated that it was developing a process for improving its monitoring of eligibility determination timeliness.

Because DDS has not issued guidance on when initial intake ends and when the regional centers must begin measuring the 120 days, more inconsistencies may exist across the remaining regional centers. Additional clarification from DDS to the regional centers on this point would ensure that they are not delaying eligible applicants' access to needed services and are applying consistent standards in measuring the timeliness of their application process.

DDS Plans to Reform the Fair Hearing Process

Fair hearings allow consumers to resolve disputes about the nature, scope, or number of services they receive. A regional center may deny, reduce, or terminate a request by a consumer to fund specific services for various reasons, including if the regional center believes that the consumer is not eligible for the service, that the service is ineffective in helping the consumer meet his or her goals, or that the service is available to the consumer from other resources, such as Medi-Cal or private insurance. For example, a consumer may request that a regional center fund personal assistant services, which help a person with a disability to perform daily tasks. However, the regional center might deny this request if it believed that the services would duplicate those the consumer was already receiving through day program services. Similarly, a regional center might decide to reduce the hours of translation services a consumer receives if the consumer's school district also provides this service. When a regional center makes a decision to deny, reduce, terminate, or change services without a consumer's consent, the consumer may appeal that decision by requesting a fair hearing.

Regional centers and consumers can resolve their disagreements through various means even after filing a request for a fair hearing. For example, a consumer may choose to hold an informal meeting with a regional center in an attempt to resolve the dispute before a hearing is held. Alternatively, a consumer may request that an impartial party conduct mediation. If a consumer does not wish to use these methods or if these methods fail to resolve the matter, the case proceeds to a hearing. An administrative law judge at the Office of Administrative Hearings presides over the hearing and issues a decision in the case. The consumer or regional center may appeal the decision to a court within 90 days if either disagrees with the decision.

Available data indicate that a smaller percentage of fair hearing requests for all 21 regional centers ultimately reached a state-level hearing. As Figure 9 shows, of the more than 3,000 fair hearing requests completed during fiscal years 2018–19 through 2020–21, consumers and the 21 regional centers resolved 68 percent through informal meetings. Our review of five fair hearing requests each at Alta California, North Bay, and North L.A. found that sometimes these meetings resulted in a compromise between the regional center and the consumer. In other cases, the regional center did not change its decision and the case proceeded to the state-level hearing. Our review did not identify any issues with the outcomes of these fair hearing requests. Of the nearly 765 hearing requests that reached a state-level hearing during fiscal years 2018–19 through 2020–21, the presiding administrative law judges found that regional centers had inappropriately denied or changed at least some services in about 165 cases, or 21 percent. Administrative law judges upheld the regional centers' decisions or dismissed the remaining cases.

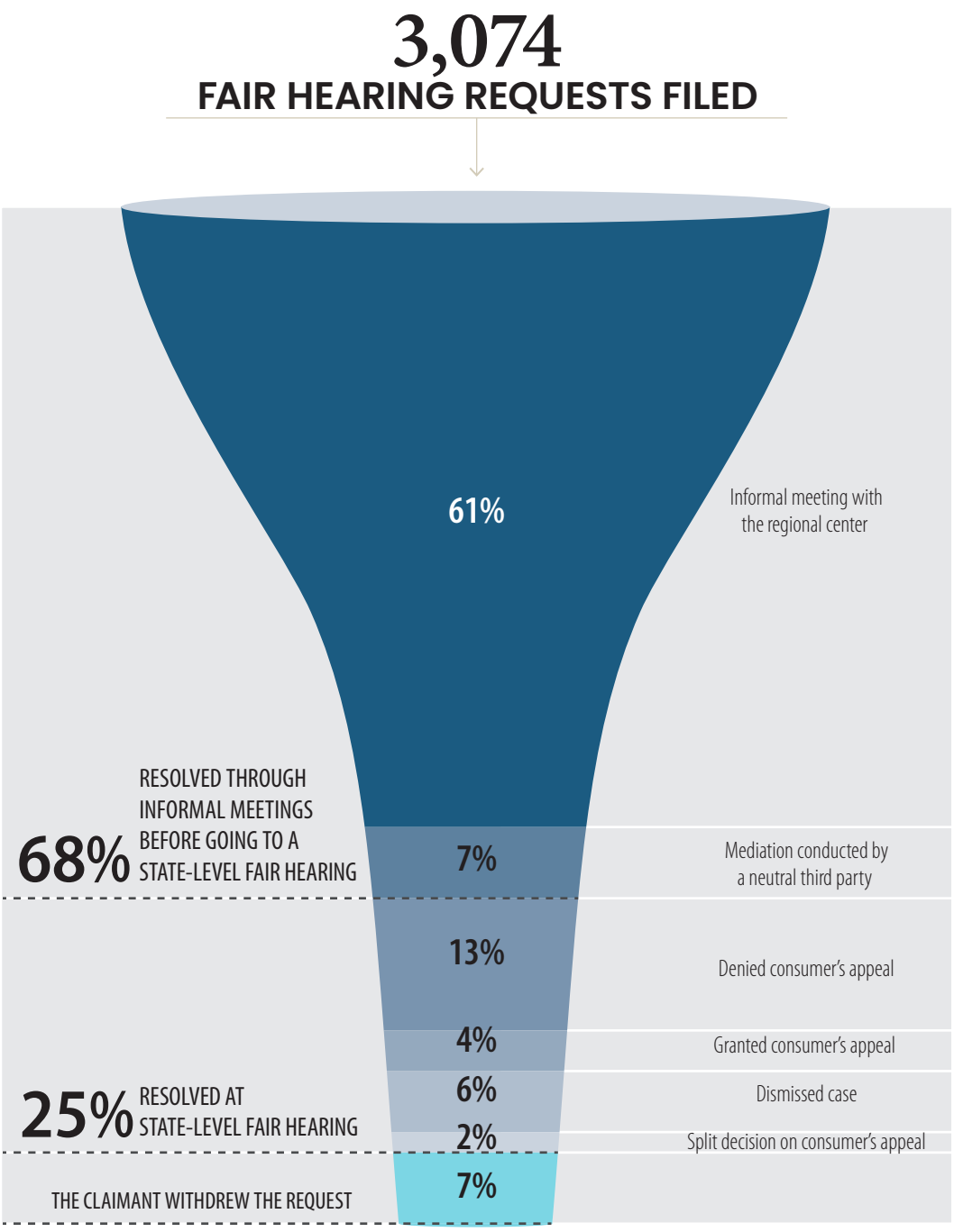
Consumer Concerns About the Fair Hearing Process

- The notification documents are difficult to understand.
- The legal process is intimidating.
- Accessing or affording lawyers or legal advice is difficult.
- The records requirements are time-consuming and expensive.
- The translation and interpretation services are of poor quality.

Source: Focus groups interviewed by DDS from November 2021 through January 2022.

Although only some cases reach a state-level hearing, consumers have voiced dissatisfaction with elements of the current process. Specifically, DDS performed a survey that interviewed focus groups of consumers from November 2021 through January 2022. As the text box shows, some consumers expressed that they were generally intimidated by the fair hearing process or had difficulty understanding it. Some consumers stated that they were unable to easily afford legal counsel, felt intimidated during the actual hearing, and struggled to understand certain required notifications.

Figure 9
Regional Centers and Consumers Resolve the Majority of Fair Hearing Requests Before a State-Level Hearing



Source: DDS's annual reports to the Legislature on consumer rights complaints and fair hearing requests for fiscal years 2018–19 through 2020–21, and state law.

The Legislature is currently considering legislation that would change the fair hearing process. One of the significant proposed changes would require that at least five days before a hearing, the regional center would need to prepare a position statement summarizing the facts of the case and its justification for its position. It would then need to provide this statement to the claimant, along with copies of evidence and a list of witnesses. Another proposed revision would establish an advisory committee that would include advocates for consumers and their family members and that would provide nonbinding recommendations for improvements to the fair hearing process. Moreover, DDS is working with the Department of Finance and the Legislature to secure additional funding and make revisions to existing laws to improve the fair hearing process.

Please refer to the section beginning on page 3 to find the recommendations that we have made as a result of these audit findings.

We conducted this performance audit in accordance with generally accepted government auditing standards and under the authority vested in the California State Auditor by Government Code section 8543 et seq. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,

MICHAEL S. TILDEN, CPA
Acting California State Auditor

June 28, 2022

Appendix

Scope and Methodology

The Joint Legislative Audit Committee (Audit Committee) directed the California State Auditor (State Auditor) to conduct an audit of DDS's oversight of regional centers for individuals with intellectual and developmental disabilities. Specifically, the Audit Committee requested that we review DDS's and regional centers' processes for ensuring that consumers receive quality services in a timely manner, including maintaining appropriate regional center staffing, monitoring vendors as required, and making the consumer complaint process accessible. The table below lists the objectives that the Audit Committee approved and the methods that we used to address them.

Audit Objectives and the Methods Used to Address Them

	AUDIT OBJECTIVE	METHOD
1	Review and evaluate the laws, rules, and regulations significant to the audit objectives.	Reviewed relevant state and federal laws, rules, and regulations applicable to regional centers' responsibilities to provide services to consumers and DDS's oversight responsibilities.
2	Examine DDS's oversight responsibilities for the regional centers and determine the extent to which DDS performs oversight at a selection of regional centers.	• Selected Alta California, North Bay, and North L.A. regional centers based on their geographic location, number of complaints received, and number of consumers served. • Assessed DDS's oversight through the audit procedures and methodologies described in Objectives 3 through 13.
3	Determine whether DDS has established caseload ratios for regional centers to follow and whether it conducts reviews to ensure they meet these ratios. In doing so, determine whether DDS does the following:	
	a. Evaluates vacancy rates in case manager positions and the length of time these positions remain vacant.	Interviewed staff at DDS and the three selected regional centers about vacancy rates. However, neither DDS nor those regional centers track vacancy rates or the length of time that positions remain vacant.
	b. Reviews case management data and determines whether regional centers' staffing is appropriate.	• At each of the three selected regional centers, interviewed staff and assessed processes for calculating and managing caseloads. • Interviewed and assessed DDS' review of regional centers' staffing levels and any actions it has taken to address concerns.
	c. Reports to the Legislature on regional centers' compliance with established caseload ratios, including whether any staffing shortages exist and whether they have identified solutions to address such shortages.	• Determined that DDS is not required to nor does it report caseload data to the Legislature. • Reviewed the selected regional centers' corrective action plans and interviewed those regional center and DDS staff to understand the reasons for the vacancies and the difficulties they face in ensuring adequate staffing.

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	AUDIT OBJECTIVE	METHOD
4	Evaluate whether DDS provides training to regional centers and, if so, assess whether the training includes steps the regional centers can take to ensure consumers receive quality services in a timely manner.	• Reviewed the frequency and content of the training DDS provided to regional centers from fiscal years 2018–19 through 2020–21. • Reviewed the training the selected regional centers provide to their service coordinators on providing quality and timely services to consumers. • Determined that DDS provides the required training and reasonably relies on regional centers to provide additional training.
5	Identify the efforts DDS and a selection of regional centers make to educate parents and guardians about the services available to their dependents and assess the adequacy of their efforts to promote those services.	• Identified the DDS's and the selected regional centers' outreach efforts to educate parents and guardians about the services available to their dependents. • Reviewed the frequency with which DDS and the selected regional centers conduct educational events about their services. We determined that their efforts to promote the regional centers' services complied with requirements and were adequate.
6	Determine whether DDS and a selection of regional centers monitor vendors to ensure their services are adequate, cost-effective, and meet applicable requirements.	• Reviewed the frequency and content of the vendor monitoring efforts conducted by the selected regional centers. • Interviewed DDS staff from units within the department responsible for overseeing regional centers and vendors and reviewed monitoring documentation.
7	Determine, for a selection of regional centers, the oversight of the services they provide to consumers. In particular, for a selection of consumers' IPPs at each of the selected regional centers, identify the following:	
	a. The extent to which consumers received the services and achieved the goals specified in their IPPs. If the goals were not met, assess the steps the regional center took to help the consumer achieve the goals.	• Interviewed staff and reviewed relevant documentation to assess the selected regional centers' processes for developing and updating IPPs, monitoring consumer progress, and ensuring adequacy and quality of services. • Reviewed relevant documentation for a judgmental selection of 10 consumers at each of the three selected regional centers to assess the extent to which the consumers received the services and achieved the goals specified in their IPPs. To the extent that any of the consumers did not achieve or make reasonable progress toward their goals, we identified the reasons why and assessed the adequacy of the steps the regional centers had taken to help the consumers meet their goals.
	b. The frequency with which regional centers followed up with consumers or caseworkers to determine whether consumers were receiving quality services and that their needs were being met.	For the selection of the 10 consumers at each selected regional center, determined whether their service coordinators met with them as required to update their IPPs.
	c. To the extent services specified in an IPP were not available in the regional center's service area, whether the regional center or DDS took action to seek out these services and provide them to the consumer.	• Interviewed staff and reviewed relevant documentation to assess the selected regional centers' processes for addressing consumers' unmet needs in a timely manner. • For any unavailable services specified in the 10 selected consumers' IPPs at each regional center, assessed the regional centers' efforts to obtain and provide these services in a timely manner.
8	Identify the oversight responsibilities and key functions of regional centers' boards of directors and determine whether any are duplicative of those performed by DDS. In particular, assess the following:	Reviewed the roles of selected regional center boards and of DDS as established in state law, as well as in the selected regional centers' bylaws. We determined that no overlap exists between their respective oversight responsibilities.
	a. Whether the regional centers' administrative costs are appropriate, including whether board of directors' salaries are reasonable.	Reviewed administrative cost documentation provided by the selected regional centers. We determined that the regional centers complied with requirements related to administrative costs and that all board members are unpaid volunteers.

	AUDIT OBJECTIVE	METHOD
	b. The extent to which board of directors' meeting minutes and agendas, including each director's contact information, are available for public review on regional centers' websites.	• Reviewed meeting and agenda documentation available on the selected regional centers' websites. • Reviewed the selected regional centers' websites and determined that they make information about each director available to the public and also publish a general telephone number or an email address to reach the board. • We determined that the regional centers made these documents available as required.
	c. Whether policies and procedures exist requiring the board of directors to approve contracts in excess of specified thresholds. For a selection of contracts, determine whether these policies were followed.	Selected a sample of contracts valued at more than $250,000 from the last three fiscal years at each selected regional center and verified that the regional centers obtained appropriate board approval.
9	Determine the extent to which consumers do not have services available to them or have not received services. To the extent possible, do the following:	
	a. Assess the lack of existing services.	• Under Objective 7c, identified any unavailable services for the 10 consumers in our selection at each regional center. • Reviewed each selected regional center's process and efforts to identify lack of services and to secure the needed services. • Found that each selected regional center has adequate processes in place to assess lack of services and secure needed services.
	b. Evaluate the reasons provided for not offering a specific service.	Obtained data from the selected regional centers on consumer rights complaints and fair hearing requests received from fiscal year 2018–19 through fiscal year 2020–21. Using these data, we judgmentally selected five complaints and five fair hearing requests for each regional center that involved a denial of service. We reviewed the associated case files to determine why the regional centers had denied services.
	c. Identify other reasons for consumers not receiving services.	Under Objective 7c, identified any unavailable services for the 10 consumers in our selection at each regional center and identified the steps the selected regional centers took to address unmet needs.
10	Determine whether regional centers have established data collection policies and procedures for customer service metrics. In particular, examine whether DDS and regional centers collect data to determine performance in the following areas:	
	a. Average wait times for services at each regional center according to service category.	Interviewed DDS and the selected regional centers' staff and reviewed their processes for data collection related to customer service metrics.
	b. The convenience of access to regional centers and service providers for a selection of regional centers serving rural communities.	• Because DDS and the selected regional centers do not collect data related to customer service metrics, for each selected regional center, we reviewed a selection of consumers living in rural communities and attempted to assess the convenience of access to service providers. • Determined that the selected regional centers do not have adequate information to make this assessment.
11	Identify the professional qualification requirements of staff and managers established by DDS and regional centers for a selection of direct services. For a selection of service providers, evaluate compliance with these requirements.	• Interviewed the selected regional centers' staff and reviewed regional center policies related to performing qualification reviews. • Selected 10 vendors at each selected regional center and reviewed available documentation to determine whether the three regional centers performed qualification reviews of them as required. • Interviewed relevant DDS staff about the department's oversight of the qualification review process.

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	AUDIT OBJECTIVE	METHOD
12	Determine how DDS identifies service provider organizations that are found to be negligent or in violation of the law and how it provides this information to consumers.	• Documented and assessed the selected regional centers' processes for notifying DDS when they take actions against a vendor. We did not identify any issues that suggest that regional centers are not taking reasonable actions to protect consumers. • Interviewed DDS staff about its process for ensuring that it receives all required information from various parties. • Reviewed special incident reports, notifications from any other state departments that regulate the vendors, and consumers' rights complaints from all parties per law and per DDS's own process. We determined that DDS has adequate processes for ensuring that it receives information related to all negligent or noncompliant vendors. • Interviewed DDS staff about how it provides vendor violation and negligence information to consumers and determined that its decision to rely on regional centers to notify consumers, as necessary, is appropriate.
13	Evaluate, for a selection of regional centers, consistency in the following areas and determine whether DDS has responded to any inconsistencies it was aware of, including whether it provided any training or technical assistance:	
	a. Timeliness of intake, service provision, and response to consumer or family requests for modification in services or providers.	• Interviewed staff and reviewed documentation from the selected regional centers about their processes for intake, service provision, and requests for service modification. • Obtained data on selected regional centers' consumers and judgmentally selected 10 consumers who went through the intake process in fiscal year 2018–19. We reviewed the associated case files to determine the timeliness of intake. • Using the data on the selected regional centers' consumers, judgmentally selected 10 individuals who were active consumers during fiscal years 2018–19 through 2020–21. We reviewed associated case files and determined if these consumers had made requests for service modification and, if so, the timeliness of the regional center's response to the request. We did not identify any indications that the selected regional centers did not address the requests for service modifications in a timely manner.
	b. Notification to DDS, other regional centers, and consumers, about actions taken against a vendor.	• Assessed, as part of objective 12, the selected regional centers' processes for notifying DDS about actions they took against vendors. • Reviewed and assessed DDS's response to notifications from all regional centers about actions taken against a vendor. We determined that DDS's actions were reasonable.
	c. Provision of information to consumers regarding how to file a complaint about services denied, or dispute the nature, scope, or amount of services received. Further, determine whether the complaint or dispute process seems reasonable and appropriate.	• Interviewed staff and reviewed documentation at the selected regional centers to determine whether they were complying with state law related to providing complaint information to consumers, as well as information on how to dispute the nature, scope, or amount of services received. We also obtained and reviewed documentation of the three regional centers' procedures for investigating consumer rights complaints and responding to fair hearing requests. • Obtained data on consumer rights complaints and fair hearing requests that the selected regional centers received from fiscal year 2018–19 through fiscal year 2020–21. Using these data, we judgmentally selected five complaints and five fair hearing requests for each regional center. We reviewed the associated case files to determine the outcomes of each case and if the regional center followed requirements in state law. • Interviewed staff and reviewed documentation at DDS to determine whether its procedures for investigating consumer rights complaint appeals comply with statutory requirements. • Obtained data on consumer rights complaints appealed to DDS. Using these data, we judgmentally selected five cases. We reviewed the associated case files to determine the outcome of each case and if DDS followed requirements in state law. • Interviewed staff and reviewed documentation at DDS regarding DDS's oversight of the fair hearing process. • Reviewed proposed statutory changes to the fair hearing process.

	AUDIT OBJECTIVE	METHOD
	d. Public posting of regional centers' board of directors meeting minutes and agendas in accordance with state law.	• Reviewed selected regional centers' compliance with requirements for posting board meeting minutes and agendas under Objective 8b. • Reviewed DDS's processes for ensuring regional center compliance with transparency requirements and determined that they were adequate.
	e. Regional center compliance with contracting requirements in Welfare and Institutions Code sections 4622 and 4625.5.	• Reviewed selected regional centers' compliance with requirements for board approval of contracts under Objective 8c. • Assessed DDS's fiscal audit processes to ensure that regional centers complied with requirements for board approval of contracts in excess of $250,000 and determined they were adequate.
14	Review and assess any other issues that are significant to the audit.	None identified.

Source: Audit workpapers.

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STATE OF CALIFORNIA--HEALTH AND HUMAN SERVICES AGENCY GAVIN NEWSOM, Governor

DEPARTMENT OF DEVELOPMENTAL SERVICES
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June 10, 2022

Michael S. Tilden*
Acting California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

Dear Mr. Tilden:

The California Department of Developmental Services (DDS or Department) has reviewed the California State Auditor's (CSA) draft report entitled "Department of Developmental Services: *It Has Not Ensured Regional Centers Have the Necessary Resources to Effectively Serve Californians With Intellectual and Developmental Disabilities.*" DDS appreciates the opportunity to respond to the draft report and provide comments on the audit results and assessment of the recommendations.

DDS appreciates the collective work of the CSA auditors, Alta California Regional Center (ACRC), North Bay Regional Center (NBRC), and North Los Angeles County Regional Center (NLACRC) representatives to review the developmental services system throughout this process.

DDS recognizes the importance of the regional centers' work and values the regional centers as essential partners in the statewide developmental services delivery system. DDS accepts the responsibility of supporting and monitoring the 21 regional centers' service to their communities as a key priority and acknowledges there are opportunities for improvement. DDS has already identified areas to enhance the support and monitoring of regional centers by introducing robust initiatives and policies through the budget process. Included in these initiatives and policies is a proposal to create a new division within DDS named the "Division of Community Assistance and Resolutions" which is included in the Governor's proposed budget for Fiscal Year (FY) 2022-23. This new division will be tasked with improving management of community and whistleblower complaints, updating appeals and state hearings, creating an Ombudsperson Office for all programs, and enhancing the Department's resources for quality assurance and risk management. This budget initiative is in line with the scope of this audit and, while it was not pursued in response to the audit, it could be seen as bolstering the Department's response to audit recommendations 9, 11, 12 and 13.

DDS generally accepts the audit findings and most of the recommendations. However, given the complexities of the developmental services system, DDS provided technical clarification regarding details in the draft report. We are pleased that CSA representatives have agreed to take the Department's input under consideration while finalizing the audit report. ①

"Building Partnerships, Supporting Choices"

* California State Auditor's comments begin on page 55.

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Recommendations

To ensure that regional centers can better meet the required caseload ratios for all consumer groups

DDS comments on caseload ratios:

The finding that DDS has failed to address regional centers' struggles to employ the
② legally required number of service coordinators necessary to assist individuals does not recognize various measures that have augmented the regional center operations budgets to improve service coordinator caseload ratios in recent years. Targeted resources and key priorities provided to regional centers in recent years include:

- Compliance with Home and Community-Based Services (HCBS) Waiver requirements, including maintaining the 1:62 ratio, in the late 1990s ($8.7 million)
- Service coordinators to meet HCBS Waiver requirements; intended to assist in meeting the 1:62 ratio, in FY 2006-07 ($13.8 million)
- Augmentation to support hiring additional service coordinators to improve caseload ratios, in 2017-18 ($17 million)
- Regional center operations increase for staff salary and benefit increases, in FY 2017-18 ($56.6 million)
- Specialized caseload ratios, in FY 2019-20 ($3.8 million)
- Augmentation for Enhanced Service Coordinator Ratios (1:40 ratio) for consumers with low and no purchase of service (POS), in FY 2021-22 ($14.2 million)

Additionally, in recent years DDS has funded a Cultural Specialist, Employment Specialist, Deaf Services Specialist, Program Evaluator and Emergency Coordinator for each of the 21 regional centers, and three Participant Choice Specialists for each regional center as well as other targeted operations activities. Although these augmentations do not provide direct service coordination, they provide support to service coordinators in these specialty areas.

Most recently, the Governor's May Revision for FY 2022-23 proposes additional operations funding for regional centers to reduce caseloads to 1:40 for individuals ages one to five.

1. *By January 2023, DDS should work with the regional centers, the Association of Regional Center Agencies (ARCA), and other state entities as necessary to align the core staffing formula with actual regional center staffing costs.*

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- **Partially Agree.** DDS appreciates CSA's agreement to extend the due date for this recommendation to June 2023 in recognition of the complexity of this task. As noted above, there are multiple approaches to meeting staffing ratio standards and DDS will continue to work with ARCA and other state entities to explore more options or alternatives regarding the core staffing formula and/or allocation methodology. ① ③

2. *DDS should review and update as necessary the core staffing formula annually to ensure continued adequacy of regional centers' salaries.*
   - **Disagree.** Updating the core staffing formula does not ensure adequacy of salaries nor guarantee funding through the state budget process. As noted, DDS has proposed several adjustments over the years to enhance regional center resources and reduce service coordinator caseloads. DDS will continue to explore initiatives and priorities that support the evolving needs of individuals served by the regional center system. ④

To ensure that regional centers conduct vendor monitoring as state law requires

DDS comments on vendor monitoring:

DDS does not agree that it has "inadequately overseen regional centers to ensure they comply with vendor monitoring requirements," as noted in the audit report. The audit report identified one regional center that had not conducted all monthly Registered Nurse (RN) visits to specialized homes, due to a staffing shortage. However, when DDS became aware of the issue, the Department elevated its health and safety oversight. Action taken included increased monitoring visits to the homes and providing technical assistance to the regional center. While there was only one such staffing situation identified in the audit report, the Department generally agrees with the recommendations. ⑤

Additionally, DDS notes that these recommendations are referencing vendor monitoring of specialized homes, which include Adult Residential Facilities for Persons with Special Health Care Needs, Enhanced Behavioral Supports Homes and Community Crisis Homes. Therefore, the Department's response is specific to these settings and consistent with the Department's mandate and authority.

3. *By October 2022, provide an initial training to all regional centers about the statutory requirements for vendor monitoring. This training should include the information the regional centers must assess as part of their quality and qualifications reviews for each type of vendor, as well as best practices for ensuring they complete all required reviews.*
    - **Agree.** DDS will provide training to regional centers regarding the statutory requirements for vendor monitoring visits for specialized homes.
    - **Partially Agree.** In lieu of training, DDS will issue guidance regarding the biennial vendor file reviews. The guidance will include the information the regional centers must assess as part of their quality and qualifications reviews for each type of vendor serving specialized homes. ⑥

4. *By October 2022, develop a policy to provide ongoing vendor monitoring training to all regional centers.*
    - **Agree.** DDS will develop a policy for training regional centers on vendor monitoring visits for specialized homes.

5. *By January 2023, identify best practices among regional centers for tracking their quality reviews to ensure they complete these reviews as frequently as state law requires. DDS should then develop guidelines for all regional centers to follow to ensure that they complete all required quality reviews.*
    - **Agree.** DDS will develop guidelines for all regional centers to complete all required quality reviews as frequently as state law requires for specialized homes.

6. *By January 2023, evaluate its process for monitoring regional centers' performance of quality and biennial reviews to ensure that its processes are sufficient for identifying regional centers' noncompliance.*
    - **Agree.** DDS will evaluate its processes for monitoring regional centers' performance of quality and biennial reviews.

<u>To ensure consumers have convenient access to services</u>

7. *By January 2023, DDS should establish standards for measuring consumers' access to services.*
    - **Partially Agree.** DDS agrees with establishing standards for measuring consumer access to services. However, due to initiatives in development to address the data and structural limitations, the Department is unable to commit to completion by January 2023. ⑦

DDS has begun development of standards for measuring access to services through the Regional Center Performance Measures and Quality Incentive Program initiatives, both of which were authorized in the Budget Act of 2021.

The Quality Incentive Program, mandated by Welfare and Institutions (W&I) Code section 4519.10(e), includes a five-year process for rate adjustments and implementation of the new service provider rate models, consistent with the 2019 Rate Study to create an enhanced person-centered and outcomes-based system by July 1, 2025.

In order to implement the Regional Center Performance Measures mandated by W&I Code section 4620.5, DDS has convened a workgroup to make recommendations for the development of standard performance improvement indicators and benchmarks to incentivize high-quality regional center operations**.** Implementation of these measures will begin this year. The measures will continue to be updated and refined in subsequent years and stakeholder input will help identify priorities for improving consumer and family experience, access, choice, and outcomes.

(See response to Item 8 regarding the development of an electronic record management system to address structural limitations.)

8. *It should continue to develop its new system for consumer records and ensure that the new system has the capability to allow regional centers to enter specific data elements that will enable them to assess the convenience of consumers' access to services using the established standards.*
   - **Agree.** DDS will continue development of the consumer electronic record management system (CERMS). Input from stakeholders, including regional centers, self-advocates, families, advocates, and vendors, is a key element of the project's development. Stakeholder input will inform design decisions so that CERMS will have the ability to generate the information needed to review and analyze consumer access to services.

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To ensure that regional centers provide statutorily required information to consumers about how to file a consumer rights complaint

9. *By January 2023, require all regional centers to include in their individual program plan document an acknowledgement that staff discussed the complaint process with the consumer.*
   - **Agree.** DDS will require all regional centers to include in their individual program plan document an acknowledgement that staff discussed the complaint process with the consumer. Additionally, DDS has designed and proposed a new Division of Community Assistance and Resolutions which will be charged with improving complaint and appeals processes, among other things, as previously noted in this letter. It is anticipated that the new Division will ensure compliance with this recommendation and identify additional opportunities to improve the complaint process.

10. *By January 2023, to determine whether regional centers are complying with state law, review all the written information that regional centers provide to consumers and the regional centers' procedures for providing this information to consumers.*
   - **Agree.** DDS will conduct this review, but notes that once the new Division of Community Assistance and Resolutions is established, the Division may modify procedures requiring further review and guidance to regional centers.

To ensure that regional centers complete complaint investigations by the statutory deadline

11. *By September 2022, issue guidance to the regional centers clarifying that state law does not allow extensions in complaint investigations.*
   - **Agree.** DDS will issue guidance informing regional centers that state law does not allow extensions of investigations into W&I Code section 4731 complaints alleging violation or denial of consumers' rights.

12. *By January 2023, develop and issue best practices for the regional centers to follow when conducting a complaint investigation.*
   - **Agree.** DDS will issue guidance to regional centers on conducting investigations into W&I Code section 4731 complaints alleging violation or denial of consumers' rights. The proposed Division of Community Assistance and Resolutions, once established, will review and update guidance to the regional centers, as needed.

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To ensure that its staff continue to complete appeal investigations by the statutory deadline

13. *By September 2022, DDS should update its existing appeal investigations policies to reflect its new process.*
    - **Agree.** DDS will review existing policies and provide additional training to DDS staff specific to W&I Code section 4731 consumers' rights complaints appeal investigations.

To ensure that the regional centers are completing timely eligibility determinations

14. *By September 2022, issue guidance to the regional centers on when to begin measuring the start of the 120-day time frame.*
    - **Agree.** DDS will issue guidance specific to Lanterman Act eligibility determinations.

15. *By September 2022, revise its monitoring process so that it accurately measures the length of time an applicant must wait for a regional center to complete an eligibility determination.*
    - **Agree.** DDS will revise its monitoring processes specific to regional centers' compliance with timelines for Lanterman Act eligibility determinations.

On behalf of DDS, I would like to thank the CSA's Office for its extensive evaluation of DDS' oversight of regional centers. The findings and recommendations found in the audit report will further our ongoing efforts to deliver upon the promises of the Lanterman Act to the individuals we serve.

Sincerely,

NANCY BARGMANN
Director

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Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE DEPARTMENT OF DEVELOPMENTAL SERVICES

To provide clarity and perspective, we are commenting on DDS's response to the audit. The numbers below correspond to the numbers we have placed in the margin of its response.

The draft report we provided DDS completely and accurately described the complexities of the developmental services system. As is our standard practice, we reached out to DDS while it was reviewing our draft report to discuss any concerns it may have about the draft report. Based on our discussion with DDS, we agreed to make some minor changes to our report text, including extending the implementation date for our recommendation for DDS to work with the regional centers, ARCA, and other state entities, as necessary, to align the core staffing formula with actual regional center staffing costs. ①

We disagree that we do not recognize the attempts that DDS has made to improve service coordinator ratios. Specifically, we describe on pages 19 and 20 DDS's recent efforts to provide additional funding to regional centers to help meet the required ratios. However, as we indicate on page 20, the caseload ratios that regional centers reported in February 2022 were worse than the ratios they reported before receiving the additional funding—indicating that the additional funding did not permanently reduce caseload ratios. Therefore, we stand by our conclusion that DDS needs to take further steps to ensure that regional centers better meet the required caseload ratios for all consumer groups. ②

Although we do not disagree with DDS that there may be alternative approaches to meeting the required staffing ratios, we stand by our conclusion that DDS needs to find a permanent solution to regional centers' struggles with meeting the required caseload ratios. As we indicate on page 21, DDS needs to ensure that its approach to funding regional centers takes into account any consumer population growth, as well as regional centers' salary and operational cost increases. Therefore, we continue to recommend that DDS pursue changes to the core staffing formula. ③

DDS indicates that the core staffing formula cannot guarantee that funding is available in the state budget or that salaries at regional centers are adequate. Although these assertions are true in the most direct sense, DDS's response deflects attention from the fact that it has not updated the core staffing formula since the early-1990s and that the other adjustments to regional center resources ④

that it describes have been inadequate at addressing deficient staff to consumer ratios. Because DDS has not fully agreed to revise the core staffing formula and to keep that formula up-to-date, we are concerned that it will continue to rely on an ineffective approach to addressing staffing shortages at the regional centers rather than implementing our recommendation to address this chronic problem.

5 DDS misrepresents our finding. We did not state that the one regional center's failure to conduct all monthly reviews was due to a staffing shortage. As we state on page 23, Alta California attributed some of its gaps in monitoring during a specific period to turnover in the nursing staff that conduct these reviews, but it could not explain all gaps in its reviews. Further, DDS did not provide any evidence during the audit that it elevated its health and safety oversight when it became aware of the issue.

6 DDS's proposed approach would meet the spirit of our recommendation. Specifically, to the extent that DDS's guidance to regional centers regarding the biennial reviews includes the information the regional centers must assess as part of their qualifications reviews for each type of vendor, and best practices for ensuring they complete all required reviews, DDS will effectively implement our recommendation. We look forward to reviewing DDS's approach as part of our regular follow-up process.

7 DDS provides only a vague description of why it cannot establish the standards for measuring consumers' access to services by January 2023. The other initiatives that DDS references in its response are similar in nature to the actions we recommend DDS take. Given those similarities, we believe that six months is a reasonable amount of time to implement this recommendation. We look forward to DDS's update on its implementation of this recommendation.